Registre de Commerce et des Sociétés
B162135 - L140125359
déposé le 18/07/2014

MENTION

Intelsat S.A.
Société anonyme
4, rue Albert Borschette
L-1246 Luxembourg
RCS Luxembourg: B 162135

Les comptes consolidés au 31 décembre 2013:
ont été enregistrés et déposés au registre de commerce et des sociétés.

Pour mention aux fins de publication au Mémorial, Recueil des Sociétés et Associations.

Registre de Commerce et des Sociétés
B162135 - L140125359
enregistré et déposé le 18/07/2014

Intelsat S.A.

(formerly Intelsat Global Holdings S.A.)

Société anonyme
Consolidated accounts

For the year ended December 31, 2013

4, rue Albert Borschette
L-1246 Luxembourg
RCS Luxembourg B 162.135

Intelsat S.A.
(formerly Intelsat Global Holdings S.A.)
Consolidated Financial Statements

For the three years ended December 31, 2011, 2012 and 2013
(With Independent Auditors'Report Thereon)

Intelsat S.A.
Index to Consolidated Financial Statements

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To the Shareholders of
Intelsat S.A.
(formerly Intelsat Global Holdings S.A.)
4, rue Albert Borschette
L-1246 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders dated April 16, 2013, we have audited the accompanying consolidated financial statements of Intelsat S.A. (formerly Intelsat Global Holdings S.A.), which comprise the consolidated balance sheet as at December 31, 2013 and the consolidated statements of operations, changes in Shareholders' equity (deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Intelsat S.A. as of December 31, 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on other legal and regulatory requirements

The consolidated Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Luxembourg, May 8, 2014

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Ph. Meyer

Intelsat S.A. (formerly Intelsat Global Holdings S.A.)
Directors report – Business Review

For the years ended December 31, 2012 and 2013

Background

Intelsat S.A. (the "Company," "Intelsat S.A.," "we", "us" or "our") provides satellite communications services worldwide through a global communications network of over 50 satellites in orbit as of December 31, 2013 and ground facilities related to the satellite operations and control, and teleport services.

Intelsat Global S.A. ("Intelsat Global"), formerly a subsidiary of ours, was formed on June 13, 2007 for the purpose of acquiring Intelsat Holdings, Ltd. ("Intelsat Holdings"), as further described below. We had insignificant operating activity from inception until our acquisition of Intelsat Holdings in February 2008.

BC Partners Limited ("BC Partners") and certain other investors initially owned 100% of the equity of Serafina Holdings Limited ("Serafina Holdings"). On June 18, 2007, Serafina Holdings created a new wholly-owned subsidiary, Intelsat Global Subsidiary, Ltd. (formerly known as Serafina Acquisition Limited).

On February 4, 2008, Serafina Acquisition Limited completed its acquisition of 100% of the equity ownership of Intelsat Holdings for total cash consideration of approximately $5.0 billion, pursuant to a Share Purchase Agreement, dated as of June 19, 2007, among Serafina Acquisition Limited, Intelsat Holdings, certain shareholders of Intelsat Holdings and Serafina Holdings, the direct parent of Serafina Acquisition Limited. This transaction is referred to as the New Sponsors Acquisition. The former shareholders of Intelsat Holdings (other than management) sold 100% of their equity interests in Intelsat Holdings. Upon closing, management of Intelsat Holdings contributed to Serafina Holdings the portion of their unvested equity interests in Intelsat Holdings not purchased for cash by Serafina Acquisition Limited in exchange for unvested equity interests in Serafina Holdings, which was renamed Intelsat Global, Ltd. on February 8, 2008.

On December 15, 2009, Intelsat Global, Ltd. and certain of its subsidiaries migrated their jurisdiction of organization from Bermuda to Luxembourg (the "Migration"). As a result of the Migration, our headquarters are located in Luxembourg. Each company that migrated has continued its corporate and legal personality in Luxembourg. Subsequent to the Migration, Intelsat Global, Ltd. was known as Intelsat Global S.A., Intelsat Global Subsidiary, Ltd. was known as Intelsat Global Subsidiary S.A., Intelsat Holdings, Ltd. is known as Intelsat Holdings S.A. ("Intelsat Holdings"), Intelsat, Ltd. is known as Intelsat S.A., Intelsat Bermuda is known as Intelsat (Luxembourg) S.A. ("Intelsat Luxembourg"), Intelsat Jackson Holdings, Ltd. is known as Intelsat Jackson Holdings S.A. ("Intelsat Jackson"), Intelsat Intermediate Holding Company, Ltd. was known as Intelsat Intermediate Holding Company S.A. ("Intermediate Holdco") and Intelsat Subsidiary Holding Company, Ltd. was known as Intelsat Subsidiary Holding Company S.A. ("Intelsat Sub Holdco").

On March 30, 2012, Intelsat Global and certain of its subsidiaries engaged in a series of transactions that resulted in Intelsat Global Holdings, a new holding company, acquiring all of the outstanding shares of Intelsat Global. As a result, Intelsat Global became a wholly-owned subsidiary of Intelsat Global Holdings S.A. ("Intelsat Global Holdings"), and all of Intelsat Global Holdings' equity became beneficially owned by the former shareholders of Intelsat Global in the same proportions as such shareholders' former ownership in Intelsat Global. Further, on May 31, 2012, Intelsat Global merged with and into Intelsat Investment Holdings S.à r.l, a direct, wholly owned subsidiary of Intelsat Global Holdings.

On April 23, 2013, we completed our initial public offering, in which we issued 22,222,222 common shares, and a concurrent public offering, in which we issued 3,450,000 5.75% Series A mandatory convertible junior non-voting preferred shares (the "Series A Preferred Shares"), at public offering prices of $18.00 and $50.00 per share, respectively (the initial public offering together with the concurrent public offering, the "IPO") for total proceeds of $572.5 million (or approximately $550 million after underwriting discounts and commissions). In connection with the IPO, on April 16, 2013, the name of the Company was changed from Intelsat Global Holdings S.A. to Intelsat S.A.

Results of Operations

Year Ended December 31, 2012

Income from Operations

Our income from operations was $1.2 billion, a $16.6 million increase in income from operations over the prior year primarily as a result of an increase in revenue from our on-network revenue services, offset by $15.3 million in losses on our derivative financial instruments related to our interest rate swaps, which reflect amounts accrued on the interest rate swaps as well as the change in fair value.

Revenue

The following table sets forth our revenue by service type for the year ended December 31, 2012 (in thousands):

	Year Ended December 31, 2012
On-Network Revenues	
Transponder services	$ 1,950,230
Managed services	276,024
Channel	91,805
Total on-network revenues	2,318,059
Off-Network and Other Revenues	
Transponder, MSS and other off-network services	234,143
Satellite-related services	57,950
Total off-network and other revenues	292,093
Total	$ 2,610,152

Interest Expense, Net

Interest expense, net consists of the gross interest expense we incur less the amount of interest we capitalize related to capital assets under construction and less interest income earned during the year. Interest expense, net was $1.27 billion for the year ended December 31, 2012.

The non-cash portion of total interest expense, net was $62.3 million for the year ended December 31, 2012 and included $5 million of payable in kind (“PIK”) interest expense.

Year Ended December 31, 2013

Income from Operations

Our income from operations was $1.2 billion, a $19.0 million increase as compared to the prior year. This increase is primarily due to a decrease in direct cost expenses, depreciation and amortization and losses on derivative financial instruments, partially offset by a $84.4 million increase in selling, general and administrative expenses primarily due to termination fee of our monitoring fee agreement dated February 4,2008, compensation cost, including share-based compensation expenses incurred in connection with the IPO, and an increase in bad debt expense due to collection challenges with certain customers in the Africa and Middle East region.

Revenue

The following table sets forth our revenue by service type for the year ended December 31, 2013 (in thousands):

		Year Ended December 31, 2013
On-Network Revenues		
Transponder services	$	1,988,771
Managed services		298,623
Channel		72,123
Total on-network revenues		2,359,517
Off-Network and Other Revenues		
Transponder, MSS and other off-network services		194,601
Satellite-related services		49,505
Total off-network and other revenues		244,106
Total	$	2,603,623

Interest Expense, Net

Interest expense, net consists of the gross interest expense we incur less the amount of interest we capitalize related to capital assets under construction and less interest income earned during the year. Interest expense, net was $1.11 billion for the year ended December 31, 2013.

The non-cash portion of total interest expense, net was $46.0 million for the year ended December 31, 2013. The non-cash interest expense was due to the amortization of deferred financing fees incurred as a result of new or refinanced debt and the amortization and accretion of discounts and premiums.

Key performance indicators

EBITDA

EBITDA consists of earnings before net interest, loss on early extinguishment of debt, taxes and depreciation and amortization. Given our high level of leverage, refinancing activities are a frequent part of our efforts to manage our costs of borrowing. Accordingly, we consider loss on early extinguishment of debt an element of interest expense. EBITDA is a measure commonly used in the fixed satellite services ("FSS") sector, and we present EBITDA to enhance the understanding of our operating performance. We use EBITDA as one criterion for evaluating our performance relative to that of our peers. We believe that EBITDA is an operating performance measure, and not a liquidity measure, that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. However, EBITDA is not a measure of financial performance under U.S. GAAP, and our EBITDA may not be comparable to similarly titled measures of other companies. EBITDA should not be considered as an alternative to operating income (loss) or net income (loss), determined in accordance with U.S. GAAP, as an indicator of our operating performance, or as an alternative to cash flows from operating activities, determined in accordance with U.S. GAAP, as an indicator of cash flows, or as a measure of liquidity.

A reconciliation of net loss to EBITDA for the years ended December 31, 2012 and 2013 is as follows (in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2013
Net loss	$ (149,498)	$ (251,993)
Add:		
Interest expense, net	1,270,848	1,114,197
Loss on early extinguishment of debt	73,542	368,089
Benefit from income taxes	(19,631)	(30,837)
Depreciation and amortization	764,903	736,567
EBITDA	$ 1,940,164	$ 1,936,023

Contracted Backlog

We benefit from strong visibility of our future revenues. Our contracted backlog is our expected future revenue under existing customer contracts, and includes both cancellable and non-cancellable contracts. Our contracted backlog was approximately $10.1 billion as of December 31, 2013, approximately 87% of which related to contracts that were non-cancellable and approximately 11% related to contracts that were cancellable subject to substantial termination fees. As of December 31, 2013, the weighted average remaining customer contract life was approximately 5 years. We currently expect to deliver services associated with approximately $2.1 billion, or approximately 21%, of our December 31, 2013 contracted backlog during the year ending December 31, 2014, of which $90.1 million is from internet trunking services and international private line services and $53.1 million is from our channel services. The amount included in backlog represents the full service charge for the duration of the contract and does not include termination fees. The amount of the termination fees, which is not included in the backlog amount, is generally calculated as a percentage of the remaining backlog associated with the contract. In certain cases of breach for non-payment or customer bankruptcy, we may not be able to recover the full value of certain contracts or termination fees. Our contracted backlog includes 100% of the backlog of our consolidated ownership interests, which is consistent with the accounting for our ownership interest in these entities.

Our expected future revenue under our contracted backlog as of December 31, 2013 was as follows (in millions):

Period	
2014	$ 2,094.6
2015	1,570.0
2016	1,153.2
2017	922.9
2018	782.4
2019 and thereafter	3,591.2
Total	$ 10,114.3

Our contracted backlog by service type as of December 31, 2013 was as follows (in millions, except percentages):

Service Type	Amount	Percent
Transponder services	$ 8,977.7	89%
Managed services	833.9	8
Off-network and other	209.9	2
Channel	92.8	1
Total	$ 10,114.3	100%

We believe this backlog and the resulting predictable cash flows in the FSS sector make our net cash provided by operating activities less volatile than that of typical companies outside our industry.

Other indicators

Research and development

We do not have any undertakings with regards to research and development.

Own shares

During the year, own shares have been cancelled. As of December 31, 2013, the Company does not have any own shares outstanding.

Principal risks and uncertainties

Business risks

We are subject to significant competition both within the FSS sector and from other providers of communications capacity, such as fiber optic cable capacity. Competition from other telecommunications providers could have a material adverse effect on our business and could prevent us from implementing our business strategy and expanding our operations as planned.

The market for FSS may not grow or may shrink and therefore we may not be able to attract new customers, retain our existing customers or implement our strategies to grow our business. In addition, pricing pressures may have an adverse impact on FSS sector revenue.

We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business, remain in compliance with debt covenants and make payments on our indebtedness.

Our business is capital intensive and requires us to make long-term capital expenditure decisions, and Intelsat may not be able to raise adequate capital to finance our business strategies, or we may be able to do so only on terms that significantly restrict our ability to operate our business.

We have several large customers and the loss of, or default by, any one of them could materially reduce our revenue and materially adversely affect our business.

We are subject to political, economic and other risks due to the international nature of our operations.

Operational risks

We may experience in-orbit satellite failures or degradations in performance that could impair the commercial performance of our satellites, which could lead to lost revenue, an increase in our cash operating expenses, lower operating income or lost backlog.

We may experience a launch failure or other satellite damage or destruction during launch, which could result in a total or partial satellite loss. A new satellite could also fail to achieve its designated orbital location after launch. Any such loss of a satellite could negatively impact our business plans and could reduce our revenue.

Regulatory risks

We are subject to orbital slot/spectrum access requirements of the International Telecommunication Union and regulatory and licensing requirements in each of the countries in which we provide services, and our business is sensitive to regulatory changes internationally and in those countries.

If we do not maintain regulatory authorizations for our existing satellites and associated ground facilities or obtain authorizations for our future satellites and associated ground facilities, we may not be able to operate our existing satellites or expand our operations.

If we do not occupy unused orbital locations by specified deadlines, or do not maintain satellites in orbital locations we currently use, those orbital locations may become available for other satellite operators to use.

If we do not maintain require security clearances from, and comply with our agreements with, the U.S. Department of Defence, or if we do not comply with U.S. law, we may not be able to continue to perform our obligations under U.S. government contracts.

Additional risks and uncertainties not currently known by us, or that are currently believed to be immaterial, also may materially adversely affect our business, financial condition and/or results of operations in the future.

INTELSAT S.A.

CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	As of December 31, 2012	As of December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 187,485	$ 247,790
Receivables, net of allowance of $23,583 in 2012 and $35,288 in 2013	282,214	236,347
Deferred income taxes	94,779	44,475
Prepaid expenses and other current assets	38,708	33,224
Total current assets	603,186	561,836
Satellites and other property and equipment, net	6,355,192	5,805,540
Goodwill	6,780,827	6,780,827
Non-amortizable intangible assets	2,458,100	2,458,100
Amortizable intangible assets, net	651,087	568,775
Other assets	417,454	414,592
Total assets	$ 17,265,846	$ 16,589,670
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$ 178,961	$ 145,186
Taxes payable	9,366	9,526
Employee related liabilities	46,590	28,227
Accrued interest payable	367,686	186,492
Current portion of long-term debt	57,466	24,418
Deferred satellite performance incentives	21,479	22,703
Deferred revenue	84,066	84,185
Other current liabilities	72,715	72,840
Total current liabilities	838,329	573,577
Long-term debt, net of current portion	15,846,728	15,262,996
Deferred satellite performance incentives, net of current portion	172,663	153,904
Deferred revenue, net of current portion	834,161	888,239
Deferred income taxes	286,673	202,638
Accrued retirement benefits	299,187	196,856
Other long-term liabilities	300,195	246,127
Commitments and contingencies (Notes 15 and 16)		
Shareholders' deficit:		
5.75% Series A mandatory convertible junior non-voting preferred shares; nominal value $0.01 per share; aggregate liquidation preference of $172,500 ($50 per share)	—	35
Common shares; nominal value $0.01 per share [(1)]	832	1,060
Paid-in capital [(1)]	1,519,429	2,099,218
Accumulated deficit	(2,759,593)	(3,015,273)
Accumulated other comprehensive loss	(118,428)	(60,393)
Total Intelsat S.A. shareholders' deficit	(1,357,760)	(975,353)
Noncontrolling interest	45,670	40,686
Total liabilities and shareholders' deficit	$ 17,265,846	$ 16,589,670

(1) Common shares and paid-in capital amounts reflect the retroactive impact of the former Class A and Class B share reclassification into common shares and the share splits related to our Initial Public Offering. See Note 1—Background of Company—Initial Public Offering for further discussion.

See accompanying notes to consolidated financial statements.

INTELSAT S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Revenue	$ 2,588,426	$ 2,610,152	$ 2,603,623
Operating expenses:			
Direct costs of revenue (excluding depreciation and amortization)	417,179	415,900	375,769
Selling, general and administrative	208,381	204,025	288,467
Depreciation and amortization	769,440	764,903	736,567
Losses on derivative financial instruments	24,635	39,935	8,064
Gain on satellite insurance recoveries	—	—	(9,618)
Total operating expenses	1,419,635	1,424,763	1,399,249
Income from operations	1,168,791	1,185,389	1,204,374
Interest expense, net	1,310,563	1,270,848	1,114,197
Loss on early extinguishment of debt	(326,183)	(73,542)	(368,089)
Loss from previously unconsolidated affiliates	(24,658)	—	—
Other income (expense), net	1,955	(10,128)	(4,918)
Loss before income taxes	(490,658)	(169,129)	(282,830)
Benefit from income taxes	(55,393)	(19,631)	(30,837)
Net loss	(435,265)	(149,498)	(251,993)
Net (income) loss attributable to noncontrolling interest	1,106	(1,639)	(3,687)
Net loss attributable to Intelsat S.A.	$ (434,159)	$ (151,137)	$ (255,680)
Basic and diluted net loss per common share attributable to Intelsat S.A.	$ (5.23)	$ (1.82)	$ (2.70)

See accompanying notes to consolidated financial statements.

INTELSAT S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Net loss	$ (435,265)	$ (149,498)	$ (251,993)
Other comprehensive income (loss), net of tax:			
Defined benefit retirement plans:			
Reclassification adjustment for amortization of unrecognized prior service credits included in net periodic pension costs, net of tax	(109)	(110)	(107)
Reclassification adjustment for amortization of unrecognized actuarial loss included in net periodic pension costs, net of tax	4,328	5,178	12,320
Actuarial gain (loss) arising during the year, net of tax	(39,299)	(12,356)	45,070
Marketable securities:			
Unrealized gains on investments, net of tax	59	388	629
Reclassification adjustment for realized loss on investments, net of tax	—	—	123
Other comprehensive income (loss)	(35,021)	(6,900)	58,035
Comprehensive loss	(470,286)	(156,398)	(193,958)
Comprehensive (income) loss attributable to noncontrolling interest	1,106	(1,639)	(3,687)
Comprehensive loss attributable to Intelsat S.A.	$ (469,180)	$ (158,037)	$ (197,645)

See accompanying notes to consolidated financial statements.

INTELSAT S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(in thousands)

	Preferred Shares		Common Shares						
	Shares (in millions)	Amount	Shares (in millions)	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Deficit	Noncontrolling Interest
Balance, January 1, 2011 (1)	—	$ —	83.2	$ 832	$ 1,445,642	$ (2,174,297)	$ (76,507)	$ (804,330)	$ 1,902
Net loss	—	—	—	—	—	(434,159)	—	(434,159)	1,136
Consolidation of Horizons Holdings (2)	—	—	—	—	—	—	—	—	49,263
Mark to market valuation adjustment for redeemable noncontrolling interest	—	—	—	—	15,090	—	—	15,090	—
Change in classification of certain equity awards	—	—	—	—	56,760	—	—	56,760	—
Vesting of equity awards of certain executive officers	—	—	—	—	2,775	—	—	2,775	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(1,375)
Postretirement/pension liability adjustment, net of tax of $27.7 million	—	—	—	—	—	—	(35,080)	(35,080)	—
Other comprehensive income, net of tax of $0.1 million	—	—	—	—	—	—	59	59	—
Balance, December 31, 2011	—	$ —	83.2	$ 832	$ 1,520,267	$ (2,608,456)	$ (111,528)	$ (1,198,885)	$ 50,926
Net loss	—	—	—	—	—	(151,137)	—	(151,137)	3,582
Mark to market valuation adjustment for redeemable noncontrolling interest	—	—	—	—	(7,663)	—	—	(7,663)	—
Vesting of equity awards of certain executive officers	—	—	—	—	6,825	—	—	6,825	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(8,838)
Postretirement/pension liability adjustment, net of tax of ($1.9) million	—	—	—	—	—	—	(7,288)	(7,288)	—
Other comprehensive income, net of tax of ($0.2) million	—	—	—	—	—	—	388	388	—
Balance, December 31, 2012	—	—	83.2	$ 832	$ 1,519,429	$ (2,759,593)	$ (118,428)	$ (1,357,760)	$ 45,670
Net loss	—	—	—	—	—	(255,680)	—	(255,680)	3,687
Initial public offering, net of costs	3.5	35	22.2	222	542,539	—	—	542,796	—
Change in classification of certain equity awards	—	—	—	—	18,899	—	—	18,899	—
Share-based compensation	—	—	0.6	6	28,547	—	—	28,553	—
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(8,671)
Declaration of preferred stock dividend	—	—	—	—	(10,196)	—	—	(10,196)	—
Postretirement/pension liability adjustment, net of tax of $34.9 million	—	—	—	—	—	—	57,283	57,283	—
Other comprehensive income, net of tax of ($0.4) million	—	—	—	—	—	—	752	752	—
Balance, December 31, 2013	3.5	$ 35	106.0	$ 1,060	$ 2,099,218	$ (3,015,273)	$ (60,393)	$ (975,353)	$ 40,686

(1) Common shares and paid-in capital amounts reflect the retroactive impact of the former Class A and Class B share reclassification into common shares and the share splits related to our Initial Public Offering. See Note 1—Background of Company—Initial Public Offering for further discussion.

(2) See Note 10—Investments for further discussion of the consolidation of Horizons Holdings.

See accompanying notes to consolidated financial statements.

INTELSAT S.A.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Cash flows from operating activities:			
Net loss	$ (435,265)	$ (149,498)	$ (251,993)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	769,440	764,903	736,567
Provision for doubtful accounts	5,129	8,911	29,599
Foreign currency transaction (gain) loss	(1,375)	7,329	6,003
(Gain) loss on disposal of assets	846	(12,647)	338
Gain on satellite insurance recoveries	—	—	(9,618)
Share-based compensation	2,775	6,825	25,289
Deferred income taxes	(72,866)	(61,889)	(65,347)
Amortization of discount, premium, issuance costs and related costs	62,855	57,305	46,026
Interest paid-in-kind	27,291	4,949	—
Loss on early extinguishment of debt	326,183	73,542	368,089
Loss from previously unconsolidated affiliates	24,658	—	—
Unrealized gains on derivative financial instruments	(54,663)	(9,004)	(19,740)
Termination of third-party commitment costs and expenses	—	10,000	—
Amortization of actuarial loss and prior service credits for retirement benefits	6,690	14,506	19,613
Other non-cash items	162	(4,382)	234
Changes in operating assets and liabilities:			
Receivables	(38,162)	(3,559)	16,269
Prepaid expenses and other assets	(8,889)	(1,086)	(6,117)
Accounts payable and accrued liabilities	25,495	15,619	(202,526)
Deferred revenue	296,414	124,458	49,924
Accrued retirement benefits	(20,693)	(26,627)	(29,732)
Other long-term liabilities	(128)	1,655	4,014
Net cash provided by operating activities	915,897	821,310	716,892
Cash flows from investing activities:			
Payments for satellites and other property and equipment (including capitalized interest)	(844,688)	(866,016)	(600,792)
Proceeds from sale of building, net of fees	—	82,415	—
Proceeds from insurance settlements	—	—	487,930
Payment on satellite performance incentives from insurance proceeds	—	—	(19,199)
Capital contributions to previously unconsolidated affiliates	(12,209)	—	—
Other investing activities	16,466	—	(2,000)
Net cash used in investing activities	(840,431)	(783,601)	(134,061)
Cash flows from financing activities:			
Repayments of long-term debt	(6,331,144)	(2,474,811)	(6,904,162)
Repayment of notes payable to former shareholders	(3,425)	(1,683)	(868)
Payment of premium on early extinguishment of debt	(171,047)	(65,920)	(311,224)
Proceeds from issuance of long-term debt	6,119,425	2,451,521	6,254,688
Debt issuance costs	(70,091)	(27,384)	(84,845)
Proceeds from initial public offering	—	—	572,500
Stock issuance costs	—	—	(26,683)
Dividends paid to preferred shareholders	—	—	(5,235)
Noncontrolling interest in New Dawn	1,734	—	—
Principal payments on deferred satellite performance incentives	(14,111)	(15,969)	(17,503)
Repurchase of redeemable noncontrolling interest	—	(8,744)	—
Capital contribution from noncontrolling interest	—	12,209	12,209
Dividends paid to noncontrolling interest	—	(8,838)	(8,671)
Other financing activities	(10,000)	—	3,271
Net cash used in financing activities	(478,659)	(139,619)	(516,523)

Effect of exchange rate changes on cash and cash equivalents	1,375	(7,329)	(6,003)
Net change in cash and cash equivalents	(401,818)	(109,239)	60,305
Cash and cash equivalents, beginning of period	698,542	296,724	187,485
Cash and cash equivalents, end of period	$ 296,724	$ 187,485	$ 247,790
Supplemental cash flow information:			
Interest paid, net of amounts capitalized	$ 1,196,666	$ 1,194,419	$ 1,249,630
Income taxes paid, net of refunds	16,143	33,103	38,784
Supplemental disclosure of non-cash investing activities:			
Capitalization of deferred satellite performance incentives	$ —	$ 82,959	$ —
Accrued capital expenditures	86,069	78,494	66,578
Restricted cash received	94,131	23,901	—
Restricted cash paid	—	(118,032)	—

See accompanying notes to consolidated financial statements.

Note 1 Background of Company

Intelsat S.A. (the “Company”, “we”,” us” or “our”) provides satellite communications services worldwide through a global communications network of over 50 satellites in orbit as of December 31, 2013 and ground facilities related to the satellite operations and control, and teleport services.

On March 30, 2012, Intelsat Global S.A. (“Intelsat Global”), a former subsidiary of the Company, and certain of its subsidiaries engaged in a series of transactions that resulted in Intelsat Global Holdings S.A. (“Intelsat Global Holdings”), a new holding company, acquiring all of the outstanding shares of Intelsat Global. As a result, Intelsat Global became a wholly-owned subsidiary of Intelsat Global Holdings, and all of Intelsat Global Holdings’ equity became beneficially owned by the former shareholders of Intelsat Global in the same proportions as such shareholders’ former ownership in Intelsat Global. Further, on May 31, 2012, Intelsat Global merged with and into Intelsat Investment Holdings S.à r.l, a direct, wholly-owned subsidiary of Intelsat Global Holdings.

On April 16, 2013, the name of the Company was changed from Intelsat Global Holdings S.A. to Intelsat S.A.

Initial Public Offering

On April 23, 2013, we completed our initial public offering, in which we issued 22,222,222 common shares, and a concurrent public offering, in which we issued 3,450,000 5.75% Series A mandatory convertible junior non-voting preferred shares (the “Series A Preferred Shares”), at public offering prices of $18.00 and $50.00 per share, respectively (the initial public offering together with the concurrent public offering, the “IPO”) for total proceeds of $572.5 million (or approximately $550 million after underwriting discounts and commissions). Prior to the consummation of the IPO, each of our former Class A common shares (the “Class A Shares”) was reclassified into one of our common shares and each of our former Class B common shares (the “Class B Shares”) was reclassified into 0.0735 of our common shares. In addition, immediately prior to the consummation of the IPO, an equivalent of a share split was effected by distributing common shares pro rata to existing holders of our common shares, so that each existing holder received approximately 4.6 additional common shares for each common share owned at that time (together, the “IPO Reorganization Transactions”). The effect of these reclassifications on outstanding shares, potentially dilutive shares and earnings per share (“EPS”) has been retroactively applied to the financial statements and notes to the consolidated financial statements for all periods presented.

The net proceeds from the IPO were primarily used to redeem all of the outstanding $353.6 million aggregate principal amount of the Intelsat Investments 6 1/2% Senior Notes due 2013 (the “Intelsat Investments Notes”) and to prepay $138.2 million of indebtedness outstanding under Intelsat Jackson’s Senior Unsecured Credit Agreement, dated July 1, 2008, consisting of a senior unsecured term loan facility due February 2014 (the “New Senior Unsecured Credit Facility”) (see Note 12—Long-Term Debt).

In connection with the IPO, certain repurchase rights upon employee separation that were included in various share-based compensation agreements of management contractually expired. Also in connection with the IPO, our board of directors adopted the Intelsat S.A. 2013 Share Incentive Plan (the “2013 Equity Plan”) effective April 18, 2013, to provide for equity incentive awards to management and members of the board of directors. See Note 5—Share-Based and Other Compensation Plans for further discussion.

Additionally, in connection with the IPO, in April 2013, a monitoring fee agreement dated February 4, 2008 (the “2008 MFA”) was terminated (see Note 18(b)—Related Party Transactions—Monitoring Fee Agreement).

Note 2 Significant Accounting Policies

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Intelsat S.A., its wholly-owned subsidiaries, and variable interest entities (“VIE”) of which we are the primary beneficiary. We are the primary beneficiary of two VIEs, as more fully described in Note 10—Investments, and accordingly, we include in our consolidated financial statements the assets and liabilities and results of operations of those entities, even though we may not own a majority voting interest. We use the equity method to account for our investments in entities where we exercise significant influence over operating and financial policies but do not retain control under either the voting interest model (generally 20% to 50% ownership interest) or the variable interest model. We have eliminated all significant intercompany accounts and transactions.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, the reported amounts of revenues and expenses during the reporting periods, and the disclosures of contingent liabilities. Accordingly, ultimate results could differ from those estimates.

(c) Revenue Recognition

We earn revenue from providing satellite services and managed services to customers. We enter into contracts with customers to provide satellite transponders and transponder capacity and, in certain cases, earth stations and teleport facilities, for periods typically ranging from one year to the life of the satellite. Our revenue recognition policies are as follows:

Satellite Utilization Charges. We generally recognize revenues on a straight-line basis over the term of the related customer contract unless collectability is not reasonably assured. Revenues from occasional use services are recognized as the services are performed. We have certain obligations, including providing spare or substitute capacity if available, in the event of satellite service failure under certain long-term agreements. We generally are not obligated to refund satellite utilization payments previously made.

Satellite Related Consulting and Technical Services. We recognize revenue from the provision of consulting services as those services are performed. We recognize revenue for consulting services with specific deliverables, such as Transfer Orbit Support Services or training programs, upon the completion of those services.

Tracking, Telemetry and Commanding ("TT&C"). We earn TT&C services revenue from providing operational services to other satellite owners and from certain customers on our satellites. TT&C agreements entered into in connection with our satellite utilization contracts are typically for the period of the related service agreement. We recognize this revenue ratably over the term of the service agreement.

In-Orbit Backup Services. We provide back-up transponder capacity that is held on reserve for certain customers on agreed-upon terms. We recognize revenues for in-orbit protection services ratably over the term of the related agreement.

Revenue Share Arrangements. We recognize revenues under revenue share agreements for satellite-related services either on a gross or net basis in accordance with the principal versus agent considerations topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") or (the "Codification") which provides guidance and specifies when an entity should report revenue gross as a principal versus net as an agent, depending on the nature of the specific contractual relationship.

Construction Program Management. Construction program management arrangements that extend beyond one year are accounted for in accordance with the Construction-Type and Production-Type Contracts topic of the Codification*.* We generally account for long-term, fixed price, development and production contracts under the percentage of completion method. We measure progress towards contract completion using the cost-to-cost method.

We may sell these products or services individually or in some combination to our customers. When these products and services are sold together, we account for the multiple elements under FASB ASC Topic 605-25, Revenue Recognition-Multiple Element Arrangements ("FASB ASC 605-25"). FASB ASC 605-25 provides guidance on accounting for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. We allocate revenue for transactions or collaborations that include multiple elements to each unit of accounting based on each element's relative selling price, and recognize revenue for each unit of accounting when the applicable revenue recognition criteria have been met.

(d) Fair Value Measurements

We estimate the fair value of our financial instruments using available market information and valuation methodologies. The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued liabilities approximate their fair values because of the short maturity of these financial instruments.

FASB ASC Topic 820, Fair Value Measurements and Disclosure ("FASB ASC 820") defines fair value as the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 requires disclosure of the extent to which fair value is used to measure financial assets and liabilities, the inputs utilized in calculating valuation measurements, and the effect of the measurement of significant unobservable inputs on earnings, or changes in net assets, as of the measurement date. FASB ASC 820 establishes a three-level valuation hierarchy based upon the transparency of inputs utilized in the measurement and valuation of financial assets or liabilities as of the measurement date. We apply fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

The fair value hierarchy prioritizes the inputs used in valuation techniques into three levels as follows:

- Level 1—unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2—quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted market prices that are observable or that can be corroborated by observable market data by correlation; and
- Level 3—unobservable inputs based upon the reporting entity's internally developed assumptions which market participants would use in pricing the asset or liability.

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less, which are generally time deposits with banks and money market funds. The carrying amount of these investments approximates market value.

(f) Receivables and Allowances for Doubtful Accounts

We provide satellite services and extend credit to numerous customers in the satellite communication, telecommunications and video markets. We monitor our exposure to credit losses and maintain allowances for doubtful accounts and anticipated losses. We believe we have adequate customer collateral and reserves to cover our exposure. If we determine that the collection of payments is not reasonably assured at the time the respective service is provided, we defer recognition of the revenue until we believe collection is reasonably assured or the payment is received.

(g) Satellites and Other Property and Equipment

Satellites and other property and equipment are stated at historical cost, or in the case of certain satellites acquired, the fair value at the date of acquisition. Capitalized costs consist primarily of the costs of satellite construction and launch, including launch insurance and insurance during the period of in-orbit testing, the net present value of performance incentives expected to be payable to the satellite manufacturers (dependent on the continued satisfactory performance of the satellites), costs directly associated with the monitoring and support of satellite construction, and interest costs incurred during the period of satellite construction.

We depreciate satellites and other property and equipment on a straight-line basis over the following estimated useful lives:

	Years
Buildings and improvements	10 - 40
Satellites and related costs	11 - 17
Ground segment equipment and software	4 - 15
Furniture and fixtures and computer hardware	4 - 12
Leasehold improvements [1]	2 - 12

(1) Leasehold improvements are depreciated over the shorter of the useful life of the improvement or the remaining lease term.

(h) Other Assets

Other assets consist of investments in certain equity securities, unamortized debt issuance costs, long-term deposits, long-term receivables and other miscellaneous deferred charges and long-term assets. Debt issuance costs represent our costs incurred to secure debt financing, which are amortized to interest expense using the effective interest method over the life of the related indebtedness.

(i) Goodwill and Other Intangible Assets

We account for goodwill and other intangible assets in accordance with FASB ASC Topic 350, Intangibles—Goodwill and Other ("FASB ASC 350"). Goodwill represents the excess of the consideration transferred plus the fair value of any noncontrolling interest in the acquiree at the acquisition date over the fair values of identifiable net assets of businesses acquired. Goodwill and certain other intangible assets deemed to have indefinite lives are not amortized but are tested on an annual basis for impairment during the fourth quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. See Note 11—Goodwill and Other Intangible Assets.

Intangible assets arising from business combinations are initially recorded at fair value. We record other intangible assets at cost. We amortize intangible assets with determinable lives (consisting of backlog, customer relationships, and technologies) based on the expected pattern of consumption. We review these intangible assets for impairment whenever facts and circumstances indicate that the carrying amounts may not be recoverable. See Note 11—Goodwill and Other Intangible Assets.

(j) Impairment of Long-Lived Assets

We review long-lived assets, including property and equipment and acquired intangible assets with estimable useful lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of such an asset may not be recoverable. These indicators of impairment can include, but are not limited to, the following:

- satellite anomalies, such as a partial or full loss of power;
- under-performance of an asset compared to expectations; and
- shortened useful lives due to changes in the way an asset is used or expected to be used.

The recoverability of an asset to be held and used is determined by comparing the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated undiscounted future cash flows, we record an impairment charge in the amount by which the carrying amount of the asset exceeds its fair value, which we determine by either a quoted market price, if any, or a value determined by utilizing discounted cash flow techniques.

(k) Income Taxes

We account for income taxes in accordance with FASB ASC Topic 740—Income Taxes. We are subject to income taxes in the United States as well as a number of other foreign jurisdictions. Significant judgment is required in the calculation of our tax provision and the resultant tax liabilities and in the recoverability of our deferred tax assets that arise from temporary differences between the tax and financial statement recognition of revenue and expense and net operating loss and credit carryforwards.

We assess the likelihood that our deferred tax assets can be recovered. A valuation allowance is required when it is more likely than not that all or a portion of the deferred tax asset will not be realized. We evaluate the recoverability of our deferred tax assets based in part on the existence of deferred tax liabilities that can be used to realize the deferred tax assets.

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. We evaluate our tax positions to determine if it is more likely than not that a tax position is sustainable, based solely on its technical merits and presuming the taxing authorities have full knowledge of the position and access to all relevant facts and information. When a tax position does not meet the more likely than not standard, we record a liability for the entire amount of the unrecognized tax benefit. Additionally, for those tax positions that are determined more likely than not to be sustainable, we measure the tax position at the largest amount of benefit more likely than not (determined by cumulative probability) to be realized upon settlement with the taxing authority.

(l) Foreign Currency Translation

Our functional currency is the U.S. dollar, since substantially all customer contracts, capital expenditure contracts and operating expense obligations are denominated in U.S. dollars. Transactions not denominated in U.S. dollars have been translated using the spot rates of exchange at the dates of the transactions. We recognize differences on exchange arising on the settlement of the transactions denominated in currencies other than the U.S. dollar in the consolidated statement of operations.

(m) Comprehensive Income

Comprehensive income consists of net income or loss and other gains and losses affecting shareholders' equity that, under U.S. GAAP, are excluded from net income or loss. Such items consist primarily of the change in the market value of available-for-sale securities and pension liability adjustments.

(n) Share-Based Compensation

Compensation cost is recognized based on the requirements of FASB ASC Topic 718, *Compensation—Stock Compensation* ("FASB ASC 718"), for all share-based awards granted.

Awards are measured at the grant date based on the fair value as calculated using the Black-Scholes option pricing model for share options, a Monte Carlo simulation model for awards with market conditions, or the closing market price at the grant date for awards of shares or restricted shares units. For share-based awards recognized as liability awards prior to the IPO, we recorded compensation cost based on the fair value of such awards. The expense is recognized over the requisite service period, based on attainment of certain vesting requirements.

The determination of the value of certain awards requires considerable judgment, including estimating expected volatility, expected term and risk-free rate. The Company's expected volatility is based on the average volatility rates of similar actively-traded companies over the range of each award's estimated expected term, which is based on the midpoint between the expected vesting time and the remaining contractual life. The risk-free rate is derived from the applicable Constant Maturity Treasury rate.

Prior to the IPO, we estimated the fair market value of our equity at each reporting period in order to properly record stock compensation expense. We estimated the fair market value using a combination of the income and market approaches, and allocated a 50% weighting to each approach. The income approach quantifies the future cash flows that we expect to achieve consistent with our annual business plan and forecasting processes. These future cash flows are discounted to their net present values using an estimated rate corresponding to a weighted average cost of capital. Our forecasted cash flows are subject to uncontrollable and unforeseen events that could positively or negatively impact economic and business conditions. The estimated weighted average cost of capital includes assumptions and estimates based upon interest rates, expected rates of return, and other risk factors that consider both historic data and expected future returns for comparable investments.

The market approach estimates fair value by applying trading multiples of enterprise value to EBITDA based on observed publicly traded comparable companies.

(o) Deferred Satellite Performance Incentives

The cost of satellite construction may include an element of deferred consideration that we are obligated to pay to satellite manufacturers over the lives of the satellites, provided the satellites continue to operate in accordance with contractual specifications. Historically, the satellite manufacturers have earned substantially all of these payments. Therefore, we account for these payments as deferred financing. We capitalize the present value of these payments as part of the cost of the satellites and record a corresponding liability to the satellite manufacturers. Interest expense is recognized on the deferred financing and the liability is reduced as the payments are made.

(p) Derivative Instruments

We hold interest rate swaps, each of which were undesignated as of December 31, 2013. The swaps are marked-to-market quarterly with any change in fair value recorded as gains or losses on derivative financial instruments in our consolidated statements of operations.

(q) Redeemable Noncontrolling Interest in Subsidiary

On October 5, 2012, we purchased from Convergence SPV Ltd ("Convergence Partners") the remaining ownership interest in our New Dawn joint venture for $8.7 million, increasing our ownership from 74.9% to 100% (the "New Dawn Equity Purchase"). Prior to October 5, 2012, New Dawn was a majority owned subsidiary that was a joint venture investment with Convergence Partners. Convergence Partners had the ability to require us to buy its ownership interest at fair value subsequent to the operations of New Dawn's assets for a period of time defined in the New Dawn Project Agreement. In accordance with the guidance provided in FASB ASC Topic 480, Distinguishing Liabilities from Equity ("FASB ASC 480"), regarding the classification and measurement of redeemable securities, we marked to market the fair value of the noncontrolling interest in New Dawn at each reporting period. Any changes in fair value were reflected as an adjustment to paid-in capital. As a result of the New Dawn Equity Purchase, we eliminated the redeemable noncontrolling interest of $8.7 million in the fourth quarter of 2012 in accordance with FASB ASC 480.

(r) Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations, cash flows or retained earnings.

(s) New Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. Beginning in the first quarter of 2013, entities are required to disclose the effect of reclassification of items out of accumulated other comprehensive income. The majority of our other comprehensive loss and our accumulated other comprehensive loss is related to our defined benefit retirement plans. Beginning in 2013, we have disclosed in Note 7—Retirement Plans and Other Retiree Benefits the effects of reclassifications out of accumulated comprehensive income on line items in our consolidated statement of operations.

In July 2013, the FASB issued ASU 2013-11, *Presentation of Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.* Beginning in the first quarter of 2014, entities are required to present an unrecognized tax benefit, or a portion, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except under certain scenarios. The adoption of this update is not expected to have a material impact on our financial statements.

Note 3 Share Capital

Under our Articles of Incorporation, we have an authorized share capital of $10.0 million, represented by 1,000,000,000 shares of any class with a nominal value of $0.01 per share. At December 31, 2013, there were 106.0 million common shares issued and outstanding and 3.5 million Series A Preferred Shares issued and outstanding. Our Series A Preferred Shares have a liquidation preference of $50 per share plus any accrued and unpaid dividends.

Each Series A Preferred Share will automatically convert on May 1, 2016 into between 2.2676 and 2.7778 of our common shares, subject to anti-dilution adjustments. The number of our common shares issuable on conversion will be determined based on the average of the closing prices per common share over the 40 trading day period ending on the third trading day prior to the mandatory conversion date. At any time prior to May 1, 2016, holders may elect to convert each Series A Preferred Share into common shares at the minimum conversion rate of 2.2676 common shares per Series A Preferred Share, subject to anti-dilution adjustments.

Note 4 Net Loss per Share

Basic EPS is computed by dividing net loss attributable to Intelsat S.A.’s common shareholders by the weighted average number of common shares outstanding during the periods.

In connection with the IPO in April 2013, we issued 22,222,222 common shares and 3,450,000 Series A Preferred shares at public offering prices of $18.00 and $50.00 per share, respectively. Prior to the consummation of the IPO, our former Class A Shares and Class B Shares were reclassified into a single class of common shares. In addition, immediately prior to the consummation of the IPO, an equivalent of a share split was effected by distributing common shares pro rata to existing holders of our common shares (see Note 1–Background of Company–Initial Public Offering). The effect of these reclassifications on outstanding shares, potentially dilutive shares and EPS has been retroactively applied to all periods presented.

In April 2013, the shareholders of Intelsat S.A. declared a $10.2 million dividend to be paid to holders of our Series A Preferred Shares in four installments through June 2014, in accordance with the terms of the Series A Preferred Shares. In 2013, we made payments of the first and second installments of the dividend totaling $1.51775 per share, reflecting dividends accrued during the period commencing on the date of Intelsat’s initial offering of preferred shares, April 23, 2013 and ending October 31, 2013. In January 2014, we announced a payment of the third installment of $0.71875 per share. The dividend was paid on February 3, 2014 to holders of record as of January 15, 2014.

The following table sets forth the computation of basic and diluted net loss per share attributable to Intelsat S.A.:

	(in thousands, except per share data or where otherwise noted)		
	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Numerator:			
Net loss	$ (435,265)	$ (149,498)	$ (251,993)
Net income (loss) attributable to noncontrolling interest	1,106	(1,639)	(3,687)
Net loss attributable to Intelsat S.A.	(434,159)	(151,137)	(255,680)
Less: Preferred Shares dividends declared	—	—	(10,196)
Net loss attributable to common shareholders	$ (434,159)	$ (151,137)	$ (265,876)
Denominator:			
Basic weighted average shares outstanding (in millions)	83.0	83.0	98.5
Basic and diluted net loss per common share attributable to Intelsat S.A.	$ (5.23)	$ (1.82)	$ (2.70)

Due to net losses in each of the periods presented, there were no dilutive securities, and therefore, basic and diluted EPS were the same. The Company's weighted average number of shares that could potentially dilute basic EPS in the future was 3.0 million, 2.9 million and 4.5 million (consisting of unvested common shares, restricted share units and options to purchase common shares) for the years ended December 31, 2011, 2012 and 2013, respectively. In addition, there were 9.6 million common shares resulting from the potential conversion of Series A Preferred Shares as of December 31, 2013, that could dilute EPS in future periods. There were 6.6 million weighted average common shares resulting from the potential conversion of Series A Preferred Shares for the year ended December 31, 2013, respectively, that could dilute basic EPS in future periods.

Note 5 Share-Based and Other Compensation Plans

On March 30, 2012, our board of directors adopted the amended and restated Intelsat Global, Ltd. 2008 Share Incentive Plan (the "2008 Equity Plan"). The 2008 Equity Plan provides for a variety of equity-based awards with respect to former Class A Shares and Class B Shares, including non-qualified share options, incentive share options (within the meaning of Section 422 of the United States Internal Revenue Service Tax Code), restricted share awards, restricted share unit awards, share appreciation rights, phantom share awards and performance-based awards, and also with respect to former Class A Shares available for issuance pursuant to the vesting and / or exercise of certain options and restricted share awards granted under the Intelsat Holdings, Ltd. 2005 Share Incentive Plan. Prior to March 30, 2012, the 2008 Equity Plan provided for awards for shares of Intelsat Global S.A., then our ultimate parent, which adopted the 2008 Equity Plan in May 2009.

In connection with the IPO, in April 2013, we amended the 2008 Equity Plan to reflect the IPO Reorganization Transactions (see Note 1–Background of Company–Initial Public Offering). Consequently, the number of restricted shares and options along with the associated exercise prices has been retroactively revised to reflect the IPO Reorganization Transactions. We also granted certain shares and options under the amended plan. Further, certain repurchase rights that were included in various share-based compensation awards contractually expired. As a result, (i) certain awards have been deemed granted under the provisions of FASB ASC 718 and (ii) certain awards previously accounted for as liability awards are now treated as equity awards under the provisions of FASB ASC 718. Further, upon consummation of the IPO, anti-dilution options were granted to certain individuals in accordance with the existing terms of their side letters to a management shareholders agreement (the "Management Shareholders Agreement").

The items described here and above resulted in a pre-tax charge of $21.3 million (the "IPO-Related Compensation Charges"), $2.4 million of which was included in direct costs of revenue and $18.9 million of which was included in selling, general and administrative expenses on our consolidated statement of operations for the year ended December 31, 2013.

Also, in connection with the IPO, in April 2013, our board of directors adopted the 2013 Equity Plan. The 2013 Equity Plan provides for a variety of equity based awards, including incentive stock options (within the meaning of Section 422 of the United States Internal Revenue Service Tax Code), restricted shares, restricted share units, other share-based awards and performance compensation awards. Under the 2013 Equity Plan, an aggregate of 10,000,000 common shares are available for awards (as defined in the 2013 Equity Plan). Following the IPO, no new awards may be granted under the 2008 Equity Plan except those granted in connection with the IPO Reorganization Transactions and completion of the IPO. Total shares available for future issuance under the 2013 Equity Plan were 8.0 million as of December 31, 2013.

For all share-based awards, we recognize the compensation costs over the vesting period during which the employee provides service in exchange for the award. Compensation expense in 2013 also includes the IPO-Related Compensation Charges discussed above. During the years ended December 31, 2011, 2012 and 2013, we recorded compensation expense of $8.4 million, $4.8 million and $25.3 million, respectively.

Stock Options

Stock options expire 10 years from the date of grant and vest monthly over service periods ranging from two to five years.

Stock Option activity during 2013 was as follows:

	Number of Stock Options (in thousands)	Weighted Average Exercise price	Weighted Average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2013	2,799	$ 14.62		
Granted (a)	925	24.36		
Exercised	(380)	6.40		
Cancelled (b)	(1,766)	18.00		
Forfeited	(9)	27.00		
Expired	(1)	27.00		
Outstanding at December 31, 2013	1,568	$ 18.48	5.6	$ 9.3
Exercisable at December 31, 2013	1,144	$ 15.22	4.3	$ 9.2

(a) Includes 0.4 million options granted to certain employees at a weighted average exercise price of $21.25 per option, which were deemed granted upon expiration of certain repurchase provisions in connection with the IPO.
(b) In connection with the IPO, the unvested portion of certain options based on performance were cancelled and forfeited and new grants of time-based restricted share units ("RSUs") and options were awarded.

We measure the fair value of stock options at the date of grant using a Black-Scholes option pricing model. The weighted average grant date fair value of options granted during the year ended December 31, 2013 was $7.85. The following assumptions were used in estimating the fair value of options using the Black-Scholes option pricing model during the year ended December 31, 2013: risk-free interest rates of 0.6%; dividend yields of 0.0%; expected volatility of 59.4%; and expected life of 4 years.

Due to certain repurchase provisions, stock option awards granted to certain employees were classified as liability awards prior to the IPO. The weighted average fair value of these liability awards was $21.21 and $19.31 as of December 31, 2011 and 2012, respectively. Prior to the IPO, the fair value of these liability awards was measured using estimates of enterprise value based on a combination of income and market approach valuation techniques.

Further, certain options granted to employees (other than certain executives) were deemed not granted and therefore, no compensation expense was recorded on vesting of these options. However, in the event of voluntary termination by the employee and other defined circumstances, these options could be repurchased at the lesser of fair market value and the exercise price.

There were no exercises of stock options during the years ended December 31, 2011 and 2012. The total intrinsic value of stock options exercised during the year ended December 31, 2013 was $5.6 million. As of December 31, 2013, there was $3.4 million of total unrecognized compensation cost related to unvested options, which is expected to be recognized over a weighted average period of 2 years.

During the years ended December 31, 2011, 2012 and 2013, we recorded compensation expense associated with stock option awards of $3.8 million, a credit of $0.1 million and a credit of $0.4 million, respectively. During the year ended December 31, 2013, we received cash of $2.4 million from the exercise of stock options.

Anti-Dilution Options

In connection with the IPO Reorganization Transactions and upon consummation of the IPO, options were granted to certain individuals in accordance with the existing terms of their side letters to the Management Shareholders Agreement, which, when taken together with the common shares received in connection with the reclassification of our outstanding former Class B Shares, preserved their ownership interests represented by their outstanding former Class B Shares immediately prior to the reclassification.

These options expire five years from the date of grant except for options granted to one of the individuals, whose options expire 18 months from the date of grant.

Anti-Dilution Option activity during 2013 was as follows:

	Number of Anti-Dilution Options (in thousands)	Weighted Average Exercise price	Weighted Average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2013	—	$ —		
Granted	2,423	18.00		
Exercised	(20)	18.00		
Forfeited	—	—		
Expired	—	—		
Outstanding at December 31, 2013	2,403	$ 18.00	3.6	$ 10.9
Exercisable at December 31, 2013	2,403	$ 18.00	3.6	$ 10.9

We measured the fair value of anti-dilution option grants at the date of grant using a Black-Scholes option pricing model. The weighted average grant date fair value of anti-dilution options granted during the year ended December 31, 2013 was $5.97. The following assumptions were used in estimating the fair value of options using the Black-Scholes option pricing model during the year ended December 31, 2013: risk-free interest rates of 0.3%; dividend yields of 0.0%; expected volatility of 60.8%; and expected life of 2 years. No grants of anti-dilution options were made during the years ended December 31, 2011 and 2012.

The total intrinsic value of anti-dilution options exercised during the years ended December 31, 2013 was $0.1 million. All anti-dilution options were fully vested as of December 31, 2013. During the year ended December 31 2013, we recorded compensation expense associated with anti-dilution option awards of $14.5 million and received cash of $0.4 million from the exercise of anti-dilution options.

Time-based RSUs

Time-based RSUs vest over periods ranging from six months to three years from the date of grant.

Time-based RSUs activity during 2013 was as follows:

	Number of Time-based RSUs (in thousands)	Weighted Average grant date fair value	Weighted Average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2013	—	$ —		
Granted (a)	964	20.13		
Vested	(123)	20.00		
Forfeited	(24)	20.10		
Outstanding at December 31, 2013	817	$ 20.15	1.8	$ 18.4

(a) Includes time-based RSUs granted in consideration of the cancellation and forfeiture of certain unvested performance options under the 2008 Equity Plan, as discussed above.

The fair value of time-based RSUs is deemed to be the market price of common shares on the date of grant. The weighted average grant date fair value of time-based RSUs granted during the year ended December 31, 2013 was $20.13. There were no such grants during the years ended December 31, 2011 and 2012. The total intrinsic value of time-based RSUs vested during the year ended December 31, 2013 was $2.5 million. As of December 31, 2013, there was $13.2 million of total unrecognized compensation cost related to unvested time-based RSUs, which is expected to be recognized over a weighted average period of 2 years.

During the year ended December 31, 2013, we recorded compensation expense associated with these time-based RSUs of $5.7 million.

Performance-based RSUs

Performance-based RSUs vest after three years from the date of grant upon achievement of certain performance conditions. Two-thirds of these grants are subject to vesting upon achievement of an adjusted EBITDA target. The remaining one-third of these grants is subject to vesting upon achievement of a relative shareholder return ("RSR"), which is based on the Company's relative shareholder return percentile ranking versus the S&P 900 Index target.

Performance-based RSUs activity during 2013 was as follows:

	Number of Performance-based RSUs (in thousands)	Weighted Average grant date fair value	Weighted Average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at January 1, 2013	—	$ —		
Granted	566	21.96		
Vested	—	—		
Forfeited	(16)	21.96		
Outstanding at December 31, 2013	550	$ 21.96	2.2	$ 12.4

We measure the fair value of performance-based RSUs at the date of grant using the market price of our common shares (to measure the award based on an adjusted EBITDA target) and a Monte Carlo simulation model (to measure the award based on an RSR target).

The weighted average grant date fair value of performance-based RSUs granted during the year ended December 31, 2013 was $21.96. There were no performance-based RSU grants during the years ended December 31, 2011 and 2012. As of December 31, 2013, there was $3.6 million of total unrecognized compensation cost related to unvested performance-based RSUs, which is expected to be recognized over a weighted average period of 2 years.

Achievement of the adjusted EBITDA target is not currently considered probable, therefore, no compensation cost associated with these awards (based on the adjusted EBITDA condition) has been recognized during the year ended December 31, 2013. We recorded compensation expense associated with the performance-based RSUs (based on the RSR condition) of $1.1 million during the year ended December 31, 2013.

Restricted Shares

Restricted shares vest over periods from six months to five years from the date of grant.

Restricted Shares activity during 2013 was as follows:

	Number of Restricted Shares (in thousands)	Weighted Average grant date fair value	Weighted Average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Non-vested at January 1, 2013	8	$ 151.32		
Granted (a)	177	18.00		
Vested	(184)	23.94		
Forfeited	(1)	18.00		
Non-vested at December 31, 2013	—	$ —	—	$ —

(a) Includes 0.1 million shares granted to certain employees which were deemed granted upon expiration of certain repurchase provisions in connection with the IPO.

Prior to the IPO, due to certain repurchase provisions, certain restricted shares granted to employees (other than certain executives) were deemed not granted and accordingly, no compensation cost was recorded for vesting of these awards. However, in the event of voluntary termination by the employee and other defined circumstances, these awards could be repurchased by the Company. In connection with the IPO, the repurchase provisions that were included in the restricted share grant agreements held by other awardees contractually expired, and these awards are now classified as equity awards and were recorded at the IPO common share offering price of $18.00 per share.

Prior to the IPO, the fair value of restricted shares granted to certain executives was based on an estimate of fair value using a combination of income and market approaches. Following the IPO, the fair value of restricted shares is the market price of our common shares on the date of grant.

There were no grants of restricted shares during the years ended December 31, 2011 and 2012. The total intrinsic value of restricted shares vested during the year ended December 31, 2013 was $4.2 million.

During the years ended December 31, 2011, 2012 and 2013, we recorded compensation expense associated with restricted shares of $4.6 million, $4.8 million and $4.5 million, respectively.

Note 6 Fair Value Measurements

We have identified investments in marketable securities and interest rate financial derivative instruments as those items that meet the criteria of the disclosure requirements and fair value framework of FASB ASC 820.

The following tables present assets and liabilities measured and recorded at fair value in our consolidated balance sheets on a recurring basis and their level within the fair value hierarchy (in thousands), excluding long-term debt (see Note 12—Long-Term Debt). We did not have transfers between Level 1 and Level 2 fair value measurements during the year ended December 31, 2013.

Description	As of December 31, 2012	Fair Value Measurements at December 31, 2012: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements at December 31, 2012: Significant Other Observable Inputs (Level 2)
Assets			
Marketable securities[1]	$ 5,613	$ 5,613	$ —
Total assets	$ 5,613	$ 5,613	$ —
Liabilities			
Undesignated interest rate swaps[2]	$ 74,564	$ —	$ 74,564
Total liabilities	$ 74,564	$ —	$ 74,564

Description	As of December 31, 2013	Fair Value Measurements at December 31, 2013 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Assets			
Marketable securities[(1)]	$ 6,036	$ 6,036	$ —
Total assets	$ 6,036	$ 6,036	$ —
Liabilities			
Undesignated interest rate swaps[(2)]	$ 48,819	$ —	$ 48,819
Total liabilities	$ 48,819	$ —	$ 48,819

(1) The valuation measurement inputs of these marketable securities represent unadjusted quoted prices in active markets and, accordingly, we have classified such investments within Level 1 of the fair value hierarchy. The cost basis of our available-for-sale marketable securities was $5.5 million at December 31, 2012 and $5.3 million at December 31, 2013. We sold marketable securities with a cost basis of $0.1 million during the year ended December 31, 2013 and recorded a gain on the sale of $0.5 million, which was included within other expense, net in our consolidated statement of operations.

(2) The fair value of our interest rate financial derivative instruments reflects the estimated amounts that we would pay or receive to terminate the agreement at the reporting date, taking into account current interest rates, the market expectation for future interest rates and current creditworthiness of both the counterparties and ourselves. Observable inputs utilized in the income approach valuation technique incorporate identical contractual notional amounts, fixed coupon rates, periodic terms for interest payments and contract maturity. Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments, if any, associated with our derivatives utilize Level 3 inputs, such as the estimates of the current credit spread, to evaluate the likelihood of default by us or our counterparties. We also considered the existence of offset provisions and other credit enhancements that serve to reduce the credit exposure associated with the asset or liability being valued. We have assessed the significance of the inputs of the credit valuation adjustments to the overall valuation of our derivative positions and have determined that the credit valuation adjustments are not significant to the valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Note 7 Retirement Plans and Other Retiree Benefits

(a) Pension and Other Postretirement Benefits

We maintain a noncontributory defined benefit retirement plan covering substantially all of our employees hired prior to July 19, 2001. The cost of providing benefits to eligible participants under the defined benefit retirement plan is calculated using the plan's benefit formulas, which take into account the participants' remuneration, dates of hire, years of eligible service, and certain actuarial assumptions. In addition, we provide postretirement medical benefits to certain current retirees who meet the criteria under our medical plan for postretirement benefit eligibility.

The defined benefit retirement plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. We expect that our future contributions to the defined benefit retirement plan will be based on the minimum funding requirements of the Internal Revenue Code and on the plan's funded status. Any significant decline in the fair value of our defined benefit retirement plan assets or other adverse changes to the significant assumptions used to determine the plan's funded status would negatively impact its funded status and could result in increased funding in future periods. The impact on the funded status as of October 1, the plan's annual measurement date, is determined based upon market conditions in effect when we complete our annual valuation. During the year ended December 31, 2013, we made cash contributions to the defined benefit retirement plan of $32.0 million. We anticipate that our contributions to the defined benefit retirement plan in 2014 will be approximately $27.6 million. We fund the postretirement medical benefits throughout the year based on benefits paid. We anticipate that our contributions to fund postretirement medical benefits in 2014 will be approximately $4.4 million.

Prior service credits and actuarial losses are reclassified from accumulated other comprehensive loss to net periodic pension benefit costs, which are included in both direct costs of revenue and selling, general and administrative on our consolidated statements of operations. The following table presents these reclassifications, net of tax, as well as the reclassification of the realized gain on investments, and the statement of operations line items that are impacted (in thousands):

	Year Ended December 31, 2013
Amortization of prior service credits reclassified from other comprehensive loss to net periodic pension benefit costs included in:	
Direct costs of revenue (excluding depreciation and amortization)	$ (63)
Selling, general and administrative	(44)
Total	(107)
Amortization of actuarial loss reclassified from other comprehensive loss to net periodic pension benefit costs included in:	
Direct costs of revenue (excluding depreciation and amortization)	7,302
Selling, general and administrative	5,018
Total	12,320
Realized loss on investments included in:	
Other expense, net	123
Total	$ 123

Reconciliation of Funded Status and Accumulated Benefit Obligation. Expenses for our defined benefit retirement plan and for postretirement medical benefits that are provided under our medical plan are developed from actuarial valuations. The following summarizes the projected benefit obligations, plan assets and funded status of the defined benefit retirement plan, as well as the projected benefit obligations of the postretirement medical benefits provided under our medical plan (in thousands, except percentages):

	Year Ended December 31, 2012		Year Ended December 31, 2013	
	Pension Benefits	**Other Post-retirement Benefits**	**Pension Benefits**	**Other Post-retirement Benefits**
Change in benefit obligation				
Benefit obligation at beginning of period	$ 436,102	$ 110,737	$ 473,975	$ 107,704
Service cost	3,211	354	3,318	293
Interest cost	19,061	4,959	18,244	4,295
Employee contributions	—	365	—	443
Benefits paid	(21,668)	(3,873)	(21,294)	(3,853)
Plan amendments	—	—	—	797
Actuarial (gain) loss	37,269	(4,838)	(46,334)	(14,364)
Benefit obligation at end of period	$ 473,975	$ 107,704	$ 427,909	$ 95,315
Change in plan assets				
Plan assets at beginning of period	$ 236,793	$ —	$ 278,384	$ —
Employer contributions	30,110	3,508	31,989	3,410
Employee contributions	—	365	—	443
Actual return on plan assets	33,149	—	33,097	—
Benefits paid	(21,668)	(3,873)	(21,294)	(3,853)
Plan assets at fair value at end of period	$ 278,384	$ —	$ 322,176	$ —
Accrued benefit costs and funded status of the plans	$ (195,591)	$ (107,704)	$ (105,733)	$ (95,315)
Accumulated benefit obligation	$ 462,995		$ 418,710	
Weighted average assumptions used to determine accumulated benefit obligation and accrued benefit costs				
Discount rate	3.98%	4.04%	4.83%	4.90%
Salary rate	3.25%	—	3.25%	—
Weighted average assumptions used to determine net periodic benefit costs				
Discount rate	4.51%	4.57%	3.98%	4.04%
Expected rate of return on plan assets	8.0%	—	7.8%	—
Rate of compensation increase	3.25%	—	3.25%	—
Amounts in accumulated other comprehensive loss recognized in net periodic benefit cost				
Actuarial loss, net of tax	$ 4,729	$ 449	$ 12,094	$ 226
Prior service credits, net of tax	$ (110)	$ —	$ (107)	$ —
Total	$ 4,619	$ 449	$ 11,987	$ 226
Amounts in accumulated other comprehensive loss not yet recognized in net periodic benefit cost				
Actuarial loss, net of tax	$ 110,389	$ 10,160	$ 62,234	$ 923
Prior service credits, net of tax	(607)	—	(500)	—
Total	$ 109,782	$ 10,160	$ 61,734	$ 923
Amounts in accumulated other comprehensive loss expected to be recognized in net periodic benefit cost in the subsequent year				
Actuarial loss	$ (19,423)	$ (362)	$ (10,319)	$ —
Prior service credits	172	—	172	—
Total	$ (19,251)	$ (362)	$ (10,147)	$ —

Our benefit obligations are matched to a yield curve that is derived from the monthly bid-price data of bonds that are rated high grade by either Moody's Investor Service or Standard and Poor's Rating Services. The bond types included are noncallable bonds, private placement bonds that are traded among qualified institutional buyers and are at least two years from date of issuance, bonds with a make-whole provision, and bonds issued by foreign corporations that are denominated in U.S. dollars. Excluded are bonds that are callable, sinkable and putable as well as those for which the quoted yield-to-maturity is zero. Using the bonds from this universe that have a yield higher than the regression mean yield curve, regression analysis is used to determine the best-fitting curve, which gives a good fit to the data at both long and short maturities. The resulting regressed coupon yield curve is smoothly continuous along its entire length and represents an unbiased average of the observed market data.

Interest rates used in these valuations are key assumptions, including discount rates used in determining the present value of future benefit payments and expected return on plan assets, which are reviewed and updated on an annual basis. The discount rates reflect market rates for high-quality corporate bonds. We consider current market conditions, including changes in interest rates, in making assumptions. In establishing the expected return on assets assumption, we review the asset allocations considering plan maturity and develop return assumptions based on different asset classes. The return assumptions are established after reviewing historical returns of broader market indexes, as well as historical performance of the investments in the plan. Our pension plan assets are managed in accordance with an investment policy adopted by the pension committee, as discussed below.

Plan Assets. The investment policy of the Plan includes target allocation percentages of approximately 47% for investments in equity securities (31% U.S. equities and 16% non-U.S. equities), 38% for investments in fixed income securities and 15% for investments in other securities, which is broken down further into 10% for investments in hedge fund of funds and 5% for investments in real estate fund of funds. Plan assets include investments in both U.S. and non-U.S. equity funds. Fixed income investments include a U.S. government securities fund, a short duration bond fund, a high yield bond fund and an emerging markets debt fund. The funds in which the plan's assets are invested are institutionally managed and have diversified exposures into multiple asset classes implemented with over 90 investment managers. The guidelines and objectives of the funds are congruent with the Intelsat investment policy statement.

The target and actual asset allocation of our pension plan assets were as follows:

	As of December 31, 2012		As of December 31, 2013	
	Target Allocation	**Actual Allocation**	**Target Allocation**	**Actual Allocation**
Asset Category				
Equity securities	38%	39%	47%	50%
Debt securities	47%	46%	38%	36%
Other securities	15%	15%	15%	14%
Total	100%	100%	100%	100%

The fair values of our pension plan assets by asset category are as follows (in thousands):

	Fair Value Measurements at December 31, 2012	Fair Value Measurements at December 31, 2013
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Quoted Prices in Active Markets for Identical Assets (Level 1)
Asset Category		
Equity Securities		
U.S. Large-Cap (1)	$ 53,874	$ 83,116
U.S. Small/Mid-Cap (2)	15,676	24,857
World Equity Ex-US (3)	38,098	53,367
Fixed Income Securities		
Long Duration Bonds (4)	82,416	—
Short Duration Bonds (5)	—	61,388
High Yield Bonds (6)	10,889	14,282
Emerging Market Fixed income (Non-US) (7)	8,024	9,633
Core Fixed Income (8)	27,492	29,844
Other Securities		
Hedge Funds (9)	28,006	29,766
Core Property Fund (10)	13,909	15,747
Income earned but not yet received	—	176
Total	**$ 278,384**	**$ 322,176**

(1) US large cap equity fund invests primarily in a portfolio of common stocks included in the S&P 500 Index, as well as other equity securities and derivative instruments whose value is derived from the performance of the S&P 500.

(2) US small/mid cap equity fund invests primarily in a portfolio of common stocks included in the Russell 2500 Index.

(3) World equity ex-US fund invests primarily in common stocks and other equity securities whose issuers comprise a broad range of capitalizations and are located outside of the U.S. The fund invests primarily in developed countries but may also invest in emerging markets.

(4) Long duration bond fund seeks to duplicate the return characteristics of high quality corporate bonds with a duration range of 10-13 years. The fund's investment strategy is designed to aid corporate pension plans with asset and liability management in order to reduce funding status volatility caused by changes in interest rates.

(5) Short duration bond fund includes the Ultra Short Duration Bond fund and Opportunistic Income fund. The Ultra Short Duration Bond invests at least 80% of its net assets in investment grade U.S. dollar denominated debt instruments. While the funds may invest in securities with any maturity or duration, the funds will maintain a portfolio duration range of 18 months or less under normal market conditions. The Opportunistic Income fund invests primarily in a diversified portfolio of investment grade and non-investment grade fixed-income securities. There are no restrictions on the maturity of any individual securities or on the fund's average portfolio maturity, although the average portfolio duration will typically vary between 0-24 months.

(6) High yield bond fund seeks to maximize return by investing primarily in a diversified portfolio of higher yielding, lower rated fixed income securities. The fund will invest primarily in securities rated below investment grade, including corporate bonds, convertible and preferred securities and zero coupon obligations.

(7) Emerging markets debt fund seeks to maximize return investing in fixed income securities of emerging markets issuers. The fund will invest primarily in U.S. dollar denominated debt securities of government, government-related and corporate issuers in emerging market countries, as well as entities organized to restructure the outstanding debt of such issuers.

(8) Core fixed income fund invests in fixed-income funds which seek to provide current income consistent with the preservation of capital.

(9) Hedge funds seek to provide returns that are different from (less correlated with) investments in more traditional asset classes. The funds will pursue their investment objectives by investing substantially all of their assets in various hedge funds.

(10) Core property fund is a fund of funds that invests in direct commercial property funds primarily in the U.S. The fund is meant to provide current income-oriented returns, diversification, and modest inflation protection to an overall investment portfolio. Total returns are expected to be somewhere between stocks and bonds, with moderate volatility and low correlation to public markets.

Net periodic pension benefit costs included the following components (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Service cost	$ 3,102	$ 3,211	$ 3,318
Interest cost	20,058	19,061	18,244
Expected return on plan assets	(19,729)	(20,562)	(21,263)
Amortization of unrecognized prior service credits	(172)	(172)	(172)
Amortization of unrecognized net loss	6,862	13,990	19,423
Total benefit	$ 10,121	$ 15,528	$ 19,550

We had accrued benefit costs at December 31, 2012 and 2013 of $195.6 million and $105.7 million, respectively, related to the pension benefits, of which $0.6 million was recorded within other current liabilities for both respective periods and $195.0 million and $105.1 million was recorded in other long-term liabilities, respectively. Additionally, we had accrued benefit costs at December 31, 2012 and 2013 related to the other postretirement benefits of $107.7 million and $95.3 million, respectively, of which $4.3 million and $4.4 million was recorded in other current liabilities, respectively, and $103.4 million and $90.9 million was recorded in other long-term liabilities, respectively.

Net periodic other postretirement benefit costs included the following components (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Service cost	$ 452	$ 354	$ 293
Interest cost	5,069	4,959	4,295
Plan amendment	—	—	797
Amortization of unrecognized net loss	—	687	362
Total costs	$ 5,521	$ 6,000	$ 5,747

Depending upon our actual future health care claims, our actual costs may vary significantly from those projected above. As of December 31, 2012 and December 31, 2013, the assumed health care cost trend rate was 8.1% and 7.7%, respectively. This rate is assumed to decrease gradually to 4.5% by the year 2030 and to remain at that level of annual increase thereafter. Increasing the assumed health care cost trend rate by 1% each year would increase the other postretirement benefits obligation as of December 31, 2013 by $9.6 million. Decreasing this trend rate by 1% each year would reduce the other postretirement benefits obligation as of December 31, 2013 by $8.2 million. A 1% increase in the assumed health care cost trend rate would have increased the net periodic other postretirement benefits cost by $0.5 million and a 1% decrease would have decreased the cost by $0.4 million for 2013.

The benefits expected to be paid in each of the next five years and in the aggregate for the five years thereafter are as follows (in thousands):

	Pension Benefits	Other Post-retirement Benefits
2014	$ 31,626	$ 4,421
2015	27,053	4,813
2016	28,372	5,195
2017	28,768	5,567
2018	28,366	5,918
2019 to 2023	149,655	33,495
Total	$ 293,840	$ 59,409

(b) Other Retirement Plans

We maintain two defined contribution retirement plans, qualified under the provisions of Section 401(k) of the Internal Revenue Code, for our employees in the United States. We recognized compensation expense for these plans of $8.0 million, $7.9 million and $5.4 million for the years ended December 31, 2011, 2012 and 2013, respectively. We also maintain other defined contribution retirement plans in several non-U.S. jurisdictions, but such plans are not material to our financial position or results of operations.

Note 8 Receivables

Receivables were comprised of the following (in thousands):

	As of December 31, 2012	As of December 31, 2013
Service charges:		
Billed	$ 276,637	$ 247,655
Unbilled	9,840	8,260
Other	19,320	15,720
Allowance for doubtful accounts	(23,583)	(35,288)
Total	$ 282,214	$ 236,347

Unbilled service charges represent amounts earned and accrued as receivables from customers for services rendered prior to the end of the reporting period. Unbilled service charges are expected to be billed and collected within twelve months of the respective balance sheet date. Other receivables as of December 31, 2012 and 2013 included a $12.2 million receivable from JSAT International, Inc. ("JSAT"), with which we have a joint venture (see Note 10(a) —Investments—Horizons Holdings) in each of the years ended 2012 and 2013.

Note 9 Satellites and Other Property and Equipment

(a) Satellites and Other Property and Equipment, net

Satellites and other property and equipment, net were comprised of the following (in thousands):

	As of December 31, 2012	As of December 31, 2013
Satellites and launch vehicles	$ 8,700,926	$ 8,628,596
Information systems and ground segment	524,285	559,250
Buildings and other	195,672	203,839
Total cost	9,420,883	9,391,685
Less: accumulated depreciation	(3,065,691)	(3,586,145)
Total	$ 6,355,192	$ 5,805,540

Satellites and other property and equipment, net as of December 31, 2012 and 2013 included construction-in-progress of $0.7 billion and $0.8 billion, respectively. These amounts relate primarily to satellites under construction and related launch services. Interest costs of $117.4 million and $44.8 million were capitalized during the years ended December 31, 2012 and 2013, respectively. Additionally, we recorded depreciation expense of $664.0 million, $673.1 million and $654.3 million during the years ended December 31, 2011, 2012 and 2013, respectively.

We have entered into launch contracts for the launch of both specified and unspecified future satellites. Each of these launch contracts provides that such contract may be terminated at our option, subject to payment of a termination fee that increases as the applicable launch date approaches. In addition, in the event of a failure of any launch, we may exercise our right to obtain a replacement launch within a specified period following our request for re-launch.

(b) Satellite Launches

On February 1, 2013, the launch vehicle for our IS-27 satellite failed shortly after liftoff and the satellite was completely destroyed. A Failure Review Board was established and subsequently concluded that the launch failed due to the mechanical failure of one of the first stage engine's thrust control components. The satellite and launch vehicle were fully insured, and we received $406.2 million of insurance proceeds during the year ended December 31, 2013. Accounting for insured losses of fixed assets is governed by FASB ASC Topic 605-40, *Revenue Recognition—Gains and Losses* ("FASB ASC 605-40"). In accordance with FASB ASC 605-40, we recognized the surplus of insurance proceeds received over the $396.6 million book value of the IS-27 satellite and its related assets and recorded a $9.6 million gain, which is reflected as a gain on satellite insurance recoveries on our consolidated statements of operations for the year ended December 31, 2013. These proceeds were used to redeem $366.4 million aggregate principal amount of Intelsat Luxembourg's outstanding 11 $^{1}/_{4}$% Senior Notes due 2017 (the "2017 Senior Notes"). See Note 12—Long-Term Debt for further discussion.

(c) IS-19 Partial Loss Claim

On June 1, 2012, our IS-19 satellite experienced damage to its south solar array during launch operations. Although both solar arrays are deployed, the power available to the satellite is less than required to operate at 100% of the payload capacity. While the satellite is operational, the anomaly resulted in structural and electrical damage to one solar array wing, which reduced the amount of power available for payload operation. We filed a partial loss claim with our insurers related to the IS-19 solar array anomaly. As of December 31, 2013, all $84.8 million of the insurance proceeds from the partial loss claim had been received.

(d) Sale of U.S. Administrative Headquarters Building

On October 5, 2012, we completed the sale of our U.S. administrative headquarters office building in Washington, D.C. (the "U.S. Administrative Headquarters Property"), and assigned our Amended and Restated Lease Agreement with the U.S. Government relating to the U.S. Administrative Headquarters Property to the purchaser for a price of $85.0 million in cash. The sale resulted in a pre-tax gain of $12.8 million included within other income, net in our consolidated statement of operations. Upon the closing of the sale, we entered into an agreement under which we are temporarily leasing from the purchaser a portion of the U.S. Administrative Headquarters Property. On November 30, 2012, we entered into an agreement to lease approximately 188,000 square feet of space in McLean, Virginia for our new permanent U.S. administrative headquarters and primary satellite operations center in a building that is in the process of being constructed (the "New U.S. Administrative Headquarters"). The lease is for a term of 15 years. We expect to occupy the space in the New U.S. Administrative Headquarters beginning in mid-2014. In December 2013, we signed an Amendment to the lease increasing the total square footage to 211,687 square feet being leased and that will allow the relocation of our Intelsat General Corporation office to the same facility in 2014.

(e) Satellite Health

Our satellite fleet is diversified by manufacturer and satellite type, and as a result, our fleet is generally healthy. We have experienced some technical problems with our current fleet but have been able to minimize the impact of these problems on our customers, our operations and our business in recent years. Many of these problems have been component failures and anomalies that have had little long-term impact to date on the overall transponder availability in our satellite fleet. All of our satellites have been designed to accommodate an anticipated rate of equipment failures with adequate redundancy to meet or exceed their orbital design lives, and to date, this redundancy design scheme has proven effective. After each anomaly we have generally restored services for our customers on the affected satellite, provided alternative capacity on other satellites in our fleet, or provided capacity that we purchased from other satellite operators.

Significant Anomalies

On November 28, 2004, our Galaxy 27 satellite experienced a sudden anomaly in its north electrical distribution system which resulted in the loss of control of the satellite and the interruption of customer services on the satellite. Galaxy 27 is a FS 1300 series satellite manufactured by Space Systems/Loral, Inc. ("SS/L"). Our engineers were able to regain command and control of Galaxy 27, and it was placed back in service, with reduced payload capacity, following operational testing. We have determined that the north electrical distribution system on Galaxy 27 and the communications capacity associated with it are not operational, and the satellite has lost redundancy in nearly all of its components. As a result, Galaxy 27 faces an increased risk of loss in the future. As of December 31, 2013, a substantial subset of Galaxy 27's transponders, which are all powered by the south electrical distribution system, have been tested, are performing normally and are available for service to our customers. As of December 31, 2013, Galaxy 27 is kept in inclined orbit.

On January 14, 2005, our IS-804 satellite experienced a sudden and unexpected electrical power system anomaly that resulted in the total loss of the satellite. IS-804 was a Lockheed Martin 7000 series (the "LM 7000 series") satellite, and as of December 31, 2013 we operated one other satellite in the LM 7000 series, IS-805, which remains in a primary orbital role. Based on the report of the failure review board that we established with Lockheed Martin Corporation, we believe that the IS-804 failure was not likely to have been caused by an IS-804 specific workmanship or hardware element, but was most likely caused by a high current event in the battery circuitry triggered by an electrostatic discharge that propagated to cause the sudden failure of the high voltage power system. We therefore believe that although this risk exists for our other LM 7000 series satellite, the risk of any individual satellite having a similar anomaly is low.

On September 21, 2006, our IS-802 satellite, which was also an LM 7000 series satellite, experienced a reduction of electrical power capability that resulted in a degraded capability of the satellite. A substantial subset of transponders on IS-802 were subsequently reactivated and operated normally until the end of its service life in September 2010, when it was decommissioned. The anomaly review board that we established with Lockheed Martin Corporation to investigate the cause of the anomaly concluded that the IS-802 anomaly was most likely caused by an electrical short internal to the solar array harness located on the south solar array boom. The anomaly review board found that this anomaly was significantly different from previous LM 7000 series spacecraft failures and was the first failure of this type on a solar array of the LM 7000 series. We therefore believe that although this risk exists for our other LM 7000 series satellites, the risk of any individual satellite having a similar anomaly is low.

On June 29, 2008, our Galaxy 26 satellite experienced a sudden and unexpected electrical distribution anomaly causing the loss of a substantial portion of the satellite power generating capability and resulting in the interruption of some of the customer services on the satellite. Galaxy 26 is also a FS 1300 series satellite. Certain transponders continue to operate normally. However, the anomaly resulted in a reduction to the estimated remaining useful life of the satellite.

With respect to both the Galaxy 27 and Galaxy 26 anomalies, the failure review boards that we established with SS/L identified the likely root cause of the anomalies as a design flaw which is affected by a number of parameters and in some extreme cases can result in an electrical system anomaly. The design flaw also exists on IS-8. This satellite has been in service since November 1998 and has not experienced an electrical system anomaly. Along with the manufacturer, we continually monitor this problem. Traffic on IS-8 was transferred to IS-19 in 2012, and IS-8 has been relocated to 169°E, where it provides normal service.

On April 5, 2010, our Galaxy 15 satellite experienced an anomaly resulting in our inability to command the satellite. We transitioned all media traffic on this satellite to our Galaxy 12 satellite, which was our designated in-orbit spare satellite for the North America region. Galaxy 15 is a Star-2 satellite manufactured by Orbital Sciences Corporation. On December 23, 2010, we recovered command of the spacecraft and we began diagnostic testing and uploading of software updates that protect against future anomalies of this type. In February 2011, Galaxy 15 initiated a drift to 133.1°W and returned to service, initially as an in-orbit spare. In October 2011, media traffic was transferred from Galaxy 12 back to Galaxy 15, and Galaxy 15 resumed normal service.

Subsequent to the launch of the IS-28 satellite on April 22, 2011, the satellite experienced an anomaly during the deployment of its west antenna reflector, which controls communications in the C-band frequency. A failure review board was established to determine the cause of the anomaly. The failure review board completed its investigation in July 2011 and concluded that the deployment anomaly of the C-band reflector was most likely due to a malfunction of the reflector sunshield. As a result, the sunshield interfered with the ejection release mechanism and prevented the deployment of the C-band antenna. Despite the C-band antenna reflector anomaly, the Ku-band antenna reflector deployed and that portion of the satellite is operating as planned. In June 2011, the satellite entered into service.

The IS-28 satellite and its operations were financed primarily with non-recourse debt through a joint venture in which we were the majority shareholder (see Note 10(b)—Investments—New Dawn). The New Dawn joint venture filed a partial loss claim with its insurers, relating to the C-band antenna reflector anomaly. The claim was finalized and agreed to during 2011, resulting in total insurance recoveries of $118.0 million received. New Dawn's debt agreements provided that all or most of the proceeds of the insurance claim were to be used to pay down New Dawn's debt and a portion of the associated interest rate swap. In July 2012, the proceeds of the insurance claim were used to prepay a portion of New Dawn's debt, along with the associated interest and fees, and to settle the notional amount of a portion of the associated interest rate swaps.

During launch operations of IS-19 on June 1, 2012, the satellite experienced damage to its south solar array. Although both solar arrays are deployed, the power available to the satellite is less than is required to operate 100% of the payload capacity. The Independent Oversight Board ("IOB") formed by SS/L and Sea Launch to investigate the solar array deployment anomaly. The IOB concluded that the anomaly occurred before the spacecraft separated from the launch vehicle, during the ascent phase of the launch, and originated in one of the satellite's two solar array wings due to a rare combination of factors in the panel fabrication and unrelated to the launch vehicle. While the satellite is operational, the anomaly resulted in structural and electrical damage to one solar array wing, which reduced the amount of power available for payload operation. Additionally, we filed a partial loss claim with our insurers relating to the solar array anomaly. We received $84.8 million of insurance proceeds related to the claim in 2013. As planned, IS-19 followed IS-8 at 166°E, in August 2012.

In accordance with our policy and the guidance provided for under FASB ASC 360, we review our long-lived assets for impairment whenever events and circumstances indicate that the carrying amount of the asset or asset group may not be recoverable. The recoverability of an asset or asset group held and used is measured by a comparison of the carrying amount of the asset or asset group to the estimated undiscounted future cash flows expected to be generated by the asset or asset group. When a satellite experiences an anomaly or other health related issues, we believe the lowest level of identifiable cash flows exists at the individual satellite level. Accordingly, in 2011 and 2012, we performed impairment reviews of our IS-28 and IS-19 satellites and determined that there was no impairment of the carrying amount of the assets due to the expected cash flows to be generated by the operational payloads over the satellites' expected useful lives.

Other Anomalies

We have also identified three other types of common anomalies among the satellite models in our fleet, which have had an operational impact in the past and could, if they materialize, have an impact in the future. These are:

- failure of the on-board satellite control processor ("SCP") in Boeing 601 ("BSS 601") satellites;
- failure of the on-board XIPS used to maintain the in-orbit position of Boeing 601 High Power Series ("BSS 601 HP") satellites; and
- accelerated solar array degradation in early Boeing 702 ("BSS 702") satellites.

SCP Failures. Many of our satellites use an on-board SCP to provide automatic on-board control of many operational functions. SCPs are a critical component in the operation of such satellites. Each such satellite has a backup SCP, which is available in the event of a failure of the primary SCP. Certain BSS 601 satellites have experienced SCP failures. The risk of SCP failure appears to decline as these satellites age.

As of December 31, 2013, we operated one BSS 601 satellite, IS-26. This satellite was identified as having heightened susceptibility to the SCP problem. IS-26 has been in continuous operation since 1997. Both primary and backup SCPs on this satellite are monitored regularly and remain fully functional. Accordingly, we believe it is unlikely that additional SCP failures will occur; however, should they occur, we do not anticipate an interruption in business or early replacement of this satellite as a result.

BSS 601 HP XIPS. The BSS 601 HP satellite uses XIPS as its primary propulsion system. There are two separate XIPS systems on each BSS 601 HP, each one of which is capable of maintaining the satellite in its orbital position. The satellite also has a completely chemical propulsion system as a backup to the XIPS system. As a result, the failure of a XIPS on a BSS 601 HP typically would have no effect on the satellite's performance or its operating life. However, the failure of both XIPS would require the use of the backup chemical propulsion system, which could result in a shorter operating life for the satellite depending on the amount of chemical propellant remaining. XIPS failures do not typically result in a catastrophic failure of the satellite or affect the communications capability of the satellite.

As of December 31, 2013, we operated four BSS 601 HP satellites, IS-5, IS-9, IS-10 and Galaxy 13/Horizons-1. Galaxy 13/Horizons-1 lost redundancy of the North XIPS system while full redundancy still exists on the South thruster pair. IS-5, IS-9 and IS-10 have experienced the failure of both XIPS systems and are operating on their backup chemical propulsion systems. IS-5 was redeployed in 2012 following its replacement by IS-8, which was subsequently replaced by IS-19. Also in 2012, IS-9 and IS-10 were redeployed following their replacement by IS-21 and IS-20, respectively. No assurance can be given that we will not have further XIPS failures that result in shortened satellite lives. We have decommissioned three satellites that had experienced failure of both XIPS. IS-6B was replaced by IS-11 during the first quarter of 2008, Galaxy 10R was replaced by Galaxy 18 during the second quarter of 2008, and Galaxy 4R was decommissioned in March 2009.

BSS 702 Solar Arrays. All of our satellites have solar arrays that power their operating systems and transponders and recharge the batteries used when solar power is not available. Solar array performance typically degrades over time in a predictable manner. Additional power margins and other operational flexibility are designed into satellites to allow for such degradation without loss of performance or operating life. Certain BSS 702 satellites have experienced greater than anticipated degradation of their solar arrays resulting from the design of the solar arrays. Such degradation, if continued, results in a shortened operating life of a satellite or the need to reduce the use of the communications payload.

As of December 31, 2013, we operated three BSS 702 satellites, two of which are affected by accelerated solar array degradation, Galaxy 11 and IS-1R. Service to customers has not been affected, and we expect that both of these satellites will continue to serve customers until we replace or supplement them with new satellites. Along with the manufacturer, we continually monitor the problem to determine its cause and its expected effect. Due to this continued degradation, Galaxy 11's estimated end of service life is in the second quarter of 2019 and IS-1R's estimated end of service life is in the third quarter of 2017. Galaxy 11 is currently operating in a primary orbital role and IS-1R was redeployed following its replacement by IS-14. The third BSS 702 satellite that we operated as of December 31, 2013, Galaxy 3C, was launched after the solar array anomaly was identified, and it has a substantially different solar array design intended to eliminate the problem. This satellite has been in service since September 2002 and has not experienced similar degradation problems.

Note 10 Investments

We have ownership interests in two entities which met the criteria of a VIE, Horizons Satellite Holdings, LLC ("Horizons Holdings") and WP Com, S. de R.L. de C.V. ("WP Com"). We had a greater than 50% controlling ownership and voting interest in New Dawn and therefore consolidated the New Dawn joint venture. In October 2012, we purchased the remaining ownership interest in New Dawn. Horizons Holdings, as well as WP Com, are discussed in further detail below, including our analyses of the primary beneficiary determination as required under FASB ASC Topic 810, *Consolidation* ("FASB ASC 810").

(a) Horizons Holdings

We have a joint venture with JSAT. The joint venture is named Horizons Satellite Holdings, LLC, and consists of two investments: Horizons-1 Satellite LLC ("Horizons-1") and Horizons-2 Satellite LLC ("Horizons-2"). Horizons Holdings borrowed from JSAT a portion of the funds necessary to finance the construction of the Horizons-2 satellite pursuant to a loan agreement (the "Horizons 2 Loan Agreement"). We provide certain services to the joint venture and utilize capacity from the joint venture.

We have determined that this joint venture meets the criteria of a VIE under FASB ASC 810, and we have concluded that we are the primary beneficiary because decisions relating to any future relocation of the Horizons-2 satellite, the most significant asset of the joint venture, are effectively controlled by us. In accordance with FASB ASC 810, as the primary beneficiary, we consolidate Horizons Holdings within our consolidated financial statements. Total assets and liabilities of Horizons Holdings were $136.2 million and $49.2 million as of December 31, 2012, respectively, and $101.7 million and $24.6 million as of December 31, 2013, respectively.

We also have a revenue sharing agreement with JSAT related to services sold on the Horizons satellites. We are responsible for billing and collection for such services and we remit 50% of the revenue, less applicable fees and commissions, to JSAT. Under the Horizons Holdings joint venture agreement, which was amended on September 30, 2011, we agreed to guarantee to JSAT certain minimum levels of annual gross revenues for a three-year period beginning in early 2012. This guarantee could require us to pay JSAT a maximum potential amount ranging from $7.8 million to $10.3 million per year over the three-year period, less applicable fees and commissions. We assess this guarantee on a quarterly basis, and in the year ended December 31, 2013 we recorded an expense of $9.0 million related to the guarantee, in addition to $5.6 million previously accrued in 2012. The expense was included in direct costs of revenue in our consolidated statement of operations for the year ended December 31, 2013. In connection with the guarantee, $4.8 million was paid during 2013 and $9.1 million is the remaining amount we expect to pay over the period of the guarantee. Of the total expected remaining liability of $9.1 million, $5.6 million was included within accounts payable and accrued liabilities and $3.5 million was included within other long-term liabilities on our consolidated balance sheet at December 31, 2013. Amounts payable to JSAT related to the revenue sharing agreement, net of applicable fees and commissions, from the Horizons-1 and Horizons-2 satellites were $3.6 million and $7.1 million as of December 31, 2012 and December 31, 2013, respectively.

In connection with the Horizons Holdings investment in Horizons-2, we entered into a capital contribution and subscription agreement with JSAT in August 2005, which requires both us and JSAT to fund 50% of the amount due from Horizons Holdings under the Horizons 2 Loan Agreement. As of December 31, 2013, we had a receivable of $12.2 million from JSAT representing the total remaining future payments to be received from JSAT to fund their portion of the amount due under the Horizons 2 Loan Agreement. This amount is included in receivables, net on our consolidated balance sheet as of December 31, 2013.

(b) New Dawn

In June 2008, we entered into a project and shareholders' agreement (the "New Dawn Project Agreement") with Convergence SPV, Ltd. ("Convergence Partners") pursuant to which New Dawn, a Mauritius company in which we had a 74.9% indirect ownership interest and Convergence Partners had a 25.1% noncontrolling ownership interest, launched a satellite in April 2011 to provide satellite transponder services to customers in Africa. On October 5, 2012, we purchased from Convergence Partners the remaining ownership interest in New Dawn for $8.7 million, increasing our ownership from 74.9% to 100% (the "New Dawn Equity Purchase").

Prior to the New Dawn Equity Purchase we consolidated New Dawn within our financial statements, net of eliminating entries, but we also accounted for the percentage interest in New Dawn owned by Convergence Partners as a noncontrolling interest according to the guidance provided under FASB ASC 480 specifically related to the classification and measurement of redeemable securities. As a result of the New Dawn Equity Purchase in 2012, we eliminated the redeemable noncontrolling interest of $8.7 million in accordance with FASB ASC 480.

(c) WP Com

We have a joint venture with Corporativo W. Com S. de R.L. de C.V. ("Corporativo") named WP Com, S. de R.L. de C.V. We own 49% of the voting equity shares and 88% of the economic interest in WP Com and Corporativo owns the remaining 51% of the voting equity shares. PanAmSat de Mexico, S. de R.L. de C.V. ("PAS de Mexico") is a subsidiary of WP Com, 99.9% of which is owned by WP Com, with the remainder of the equity interest split between us and Corporativo. We formed WP Com to enable us to operate in Mexico, and PAS de Mexico acts as a reseller of our satellite services to customers in Mexico and Ecuador. Profits and losses of WP Com are allocated to the joint venture partners based upon the voting equity shares.

We have determined that this joint venture meets the criteria of a VIE under FASB ASC 810. In accordance with FASB ASC 810, we evaluated this joint venture to determine the primary beneficiary. We have concluded that we are the primary beneficiary because we influence the underlying business drivers of PAS de Mexico, including by acting as the sole provider for satellite services that PAS de Mexico resells. Furthermore, we have modified our pricing for these services to ensure that PAS de Mexico continues to operate in the Mexican market. Corporativo does not fund any of the operating expenses of PAS de Mexico. Thus, we consolidate WP Com within our consolidated financial statements and we account for the percentage interest in the voting equity of WP Com owned by Corporativo as a noncontrolling interest, which is included in the equity section of our consolidated balance sheet in accordance with FASB ASC 810.

(d) Equity Attributable to Intelsat S.A. and Noncontrolling Interests

The following tables present changes in equity attributable to the Company and equity attributable to our noncontrolling interests, which is included in the equity section of our consolidated balance sheet (in thousands):

	Intelsat S.A. Shareholders' Deficit	Noncontrolling Interest	Total Shareholders' Deficit
Balance at January 1, 2012	$(1,198,885)	$ 50,926	$ (1,147,959)
Net income (loss)	(151,137)	3,582	(147,555)
Dividends paid to noncontrolling interests	—	(8,838)	(8,838)
Mark to market adjustment for redeemable noncontrolling interest	(7,663)	—	(7,663)
Vesting of equity awards of certain executive officers	6,825	—	6,825
Postretirement/pension liability adjustment	(7,288)	—	(7,288)
Other comprehensive income	388	—	388
Balance at December 31, 2012	$(1,357,760)	$ 45,670	$ (1,312,090)

	Intelsat S.A. Shareholders' Deficit	Noncontrolling Interest	Total Shareholders' Deficit
Balance at January 1, 2013	$(1,357,760)	$ 45,670	$ (1,312,090)
Net income (loss)	(255,680)	3,687	(251,993)
Dividends paid to noncontrolling interests	—	(8,671)	(8,671)
Initial public offering, net of costs	542,796	—	542,796
Change in classification of certain equity awards	18,899	—	18,899
Share-based compensation	28,553	—	28,553
Declaration of preferred stock dividend	(10,196)	—	(10,196)
Postretirement/pension liability adjustment	57,283	—	57,283
Other comprehensive income	752	—	752
Balance at December 31, 2013	$ (975,353)	$ 40,686	$ (934,667)

Note 11 Goodwill and Other Intangible Assets

The carrying amounts of goodwill and acquired intangible assets not subject to amortization consist of the following (in thousands):

	As of December 31, 2012	As of December 31, 2013
Goodwill	$ 6,780,827	$ 6,780,827
Orbital locations	2,387,700	2,387,700
Trade name	70,400	70,400

We account for goodwill and other non-amortizable intangible assets in accordance with FASB ASC 350, and have deemed these assets to have indefinite lives. Therefore, these assets are not amortized but are tested on an annual basis for impairment during the fourth quarter, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The following is a discussion of our impairment analysis and methodology:

(a) Goodwill

We are required to identify reporting units at a level below the company's identified operating segments for impairment analysis. We have identified only one reporting unit for the goodwill impairment test.

In accordance with ASU 2011-08, we first assess qualitative factors to determine whether it is more likely than not (that is, there is a likelihood of more than 50%) that the fair value of our reporting unit is less than its carrying amount. We make our qualitative evaluation considering, among other things, general macroeconomic conditions, industry and market considerations, cost factors, overall financial performance and other relevant entity-specific events. Based on our examination of these qualitative factors, we concluded that there was not a likelihood of more than 50% that the fair value of our reporting unit was less than its carrying value; therefore, no further testing of goodwill was required.

The assessment of qualitative factors requires significant judgment. Alternative interpretations of the qualitative factors could have resulted in a different conclusion as to whether it was not more likely than not that the fair value of our reporting unit was less than its carrying value. A different conclusion would require a more detailed quantitative analysis to be performed, which could, in future years, result in an impairment charge for goodwill.

(b) Orbital Locations, Trade Name and other Indefinite-Lived Intangible Assets

Orbital Locations. Intelsat is authorized by governments to operate satellites at certain orbital locations—i.e., longitudinal coordinates along the Clarke Belt. The Clarke Belt is the part of space approximately 35,800 kilometers above the plane of the equator where geostationary orbit may be achieved. Various governments acquire rights to these orbital locations through filings made with the ITU, a sub-organization of the United Nations. We will continue to have rights to operate at our orbital locations so long as we maintain our authorizations to do so. See "Part I—Item 3D—Risk Factors—Risk Factors Relating to Regulation".

Our rights to operate at orbital locations can be used and sold individually; however, since satellites and customers can be and are moved from one orbital location to another, our rights are used in conjunction with each other as a network that can change to meet the changing needs of our customers and market demands. Due to the interchangeable nature of orbital locations, the aggregate value of all of the orbital locations is used to measure the extent of impairment, if any.

We determined the estimated fair value of our rights to operate at orbital locations using the build-up method to determine the cash flows for the income approach, with the resulting projected cash flows discounted at an appropriate weighted average cost of capital. In instances where the build-up method did not generate positive value for the rights to operate at an orbital location, but the rights were expected to generate revenue, we assigned a value based upon independent source data for recent transactions of similar orbital locations, which are all considered Level 3 inputs within the fair value hierarchy under FASB ASC 820. We updated our analysis of our orbital locations in the fourth quarter of 2013, and concluded there is no impairment.

Trade name. We have implemented the relief from royalty method to determine the estimated fair value of the Intelsat trade name. The relief from royalty analysis is comprised of two major steps: i) a determination of the hypothetical royalty rate, and ii) the subsequent application of the royalty rate to projected revenue. In determining the hypothetical royalty rate utilized in the relief from royalty approach, we considered comparable license agreements, operating earnings benchmark rule of thumb, an excess earnings analysis to determine aggregate intangible asset earnings, and other qualitative factors, which are all considered Level 3 inputs within the fair value hierarchy under FASB ASC 820. Based on our analysis, the fair value of the Intelsat trade name as of the year ended December 2013 was not impaired.

The carrying amount and accumulated amortization of acquired intangible assets subject to amortization consisted of the following (in thousands):

	As of December 31, 2012			As of December 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Backlog and other	$ 743,760	$ (520,204)	$ 223,556	$ 743,760	$ (575,045)	$ 168,715
Customer relationships	534,030	(106,499)	427,531	534,030	(133,970)	400,060
Technology	2,700	(2,700)	—	2,700	(2,700)	—
Total	$ 1,280,490	$ (629,403)	$ 651,087	$ 1,280,490	$ (711,715)	$ 568,775

Intangible assets are amortized based on the expected pattern of consumption. As of December 31, 2013, backlog and other and customer relationships had weighted-average useful lives of four years and thirteen years, respectively. We recorded amortization expense of $105.5 million, $91.8 million and $82.3 million for the years ended December 31, 2011, 2012 and 2013, respectively.

Scheduled amortization charges for the intangible assets over the next five years are as follows (in thousands):

Year	Amount
2014	$ 68,231
2015	60,215
2016	48,491
2017	42,254
2018	38,481

In accordance with FASB ASC 350, we are required to disclose on an interim and annual basis our policy related to the renewal or extension of the term of our intangible assets. Our policy is to expense all costs incurred to renew or extend the terms of our intangible assets. The renewal expenses for the years ended December 31, 2011, 2012 and 2013 were immaterial to our consolidated results of operations.

Note 12 Long-Term Debt

The carrying values and fair values of our notes payable and long-term debt were as follows (in thousands):

	As of December 31, 2012		As of December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Intelsat S.A.:				
Notes payable to former employee shareholders	$ 739	$ 739	$ —	$ —
Total Intelsat S.A. obligations	739	739	—	—
Intelsat Investment Holdings S.á r.l.:				
Notes payable to former employee shareholders	129	129	—	—
Total Intelsat Investment Holdings S.á r.l. obligations	129	129	—	—
Intelsat Investments S.A.:				
6.5% Senior Notes due November 2013	353,550	367,268	—	—
Unamortized discount on 6.5% Senior Notes	(25,312)	—	—	—
Total Intelsat Investments S.A. obligations	328,238	367,268	—	—
Intelsat Luxembourg:				
11.25% Senior Notes due February 2017	2,805,000	2,966,288	—	—
11.5% / 12.5% Senior PIK Election Notes due February 2017	2,502,986	2,653,165	—	—
6.75% Senior Notes due June 2018	—	—	500,000	530,000
7.75% Senior Notes due June 2021	—	—	2,000,000	2,145,000
8.125% Senior Notes due June 2023	—	—	1,000,000	1,071,300
Total Intelsat Luxembourg obligations	5,307,986	5,619,453	3,500,000	3,746,300
Intelsat Jackson:				
8.5% Senior Notes due November 2019	500,000	561,250	500,000	545,650
Unamortized discount on 8.5% Senior Notes	(3,218)	—	(2,864)	—
7.25% Senior Notes due October 2020	2,200,000	2,392,500	2,200,000	2,409,000
Unamortized premium on 7.25% Senior Notes	19,745	—	17,799	—
7.25% Senior Notes due April 2019	1,500,000	1,614,450	1,500,000	1,612,500
7.5% Senior Notes due April 2021	1,150,000	1,267,875	1,150,000	1,267,875
6.625% Senior Notes due December 2022	640,000	660,800	1,275,000	1,310,063
Unamortized premium on 6.625% Senior Notes	—	—	37,918	—
5.5% Senior Notes due August 2023	—	—	2,000,000	1,890,000
Senior Unsecured Credit Facilities due February 2014	195,152	192,713	—	—
New Senior Unsecured Credit Facilities due February 2014	810,876	800,740	—	—
Senior Secured Credit Facilities due June 2019	3,218,000	3,238,595	3,095,000	3,103,666
Unamortized discount on Senior Credit Facilities	(12,289)	—	(9,857)	—
Total Intelsat Jackson obligations	10,218,266	10,728,923	11,762,996	12,138,754
Horizons Holdings:				
Loan Payable to JSAT	48,836	48,836	24,418	24,418
Total Horizons Holdings obligation	48,836	48,836	24,418	24,418
Total Intelsat S.A. long-term debt	15,904,194	$ 16,765,348	15,287,414	$ 15,909,472
Less:				
Current portion of long-term debt	57,466		24,418	
Total long-term debt, excluding current portion	$ 15,846,728		$ 15,262,996	

The fair value for publicly traded instruments is determined using quoted market prices, and for non-publicly traded instruments, fair value is based upon composite pricing from a variety of sources, including market leading data providers, market makers, and leading brokerage firms. Substantially all of the inputs used to determine the fair value of our debt are classified as Level 1 inputs within the fair value hierarchy from FASB ASC 820, except our senior secured credit facilities, the inputs for which are classified as Level 2. The fair value of the Horizons Holdings obligation approximates its book value.

Required principal repayments of long-term debt over the next five years and thereafter as of December 31, 2013 are as follows (in thousands):

Year	Amount
2014	$ 24,418
2015	—
2016	—
2017	—
2018	500,000
2019 and thereafter	14,720,000
Total principal repayments	15,244,418
Unamortized discounts and premium	42,996
Total Intelsat S.A. long-term debt	$ 15,287,414

2013 Intelsat Jackson Senior Secured Credit Facilities Prepayment

In October 2013, Intelsat Jackson prepaid $100.0 million of indebtedness outstanding under the term loan facility. In connection with this prepayment, we recognized a loss on early extinguishment of debt of $1.3 million, consisting of a write-off of unamortized debt issuance cost.

2013 Intelsat Luxembourg Notes Offerings and Redemptions

On April 5, 2013 Intelsat Luxembourg completed an offering of $3.5 billion aggregate principal amount of Senior Notes, consisting of $500.0 million aggregate principal amount of 6 3/4% Senior Notes due 2018 (the "2018 Luxembourg Notes"), $2.0 billion aggregate principal amount of 7 3/4% Senior Notes due 2021(the "2021 Luxembourg Notes") and $1.0 billion aggregate principal amount of 8 1/8% Senior Notes due 2023 (the "2023 Luxembourg Notes" and collectively with the 2018 Luxembourg Notes and the 2021 Luxembourg Notes, the "New Luxembourg Notes"). The net proceeds from this offering were used by Intelsat Luxembourg in April 2013 to redeem all $2.5 billion aggregate principal amount of Intelsat Luxembourg's outstanding 11 ½ / 12 ½ % Senior PIK Election Notes and $754.8 million aggregate principal amount of the 2017 Senior Notes.

On May 23, 2013, Intelsat Luxembourg redeemed $366.4 million aggregate principal amount of the 2017 Senior Notes. The redemption was funded by insurance proceeds received from our total loss claim for the IS-27 satellite launch failure (see Note 9(b)—Satellites and Other Property and Equipment—Satellite Launches).

In connection with the above redemptions, we recognized a loss on early extinguishment of debt of $232.1 million in the second quarter of 2013, consisting of the difference between the carrying value of the aggregate debt redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt issuance costs.

2013 Intelsat Investments Notes Redemption

On April 12, 2012, we obtained agreements from affiliates of Goldman, Sachs & Co. and Morgan Stanley to provide unsecured term loan commitments sufficient to refinance in full the Intelsat Investments Notes on or immediately prior to their maturity date, in the event that Intelsat Investments did not otherwise refinance or retire the Intelsat Investments Notes. These term loans would have had a maturity of two years from funding, and the funding thereof was subject to various terms and conditions. Prior to the completion of the IPO, based on our ability and intent to refinance the Intelsat Investments Notes, these notes were reflected in long-term debt, net of current portion, on our consolidated balance sheet at December 31, 2012.

On May 23, 2013, Intelsat Investments redeemed all of the outstanding $353.6 million aggregate principal amount of the Intelsat Investments Notes. The redemption of the Intelsat Investments Notes was funded by the proceeds of the IPO. In connection with the redemption of the Intelsat Investments Notes, we recognized a loss on early extinguishment of debt of $24.2 million in the second quarter of 2013, consisting of the difference between the carrying value of the debt redeemed and the total cash paid (including related fees), and a write-off of unamortized debt discount and debt issuance costs. Additionally, in conjunction with the redemption of the Intelsat Investments Notes, the agreements to provide unsecured term loan commitments discussed above were terminated. We recorded a charge of $7.6 million related to this termination in the second quarter of 2013.

2013 Intelsat Jackson New Senior Unsecured Credit Facility Prepayment

On April 23, 2013, upon completion of the IPO, Intelsat Jackson prepaid $138.2 million of indebtedness outstanding under the New Senior Unsecured Credit Facility. The partial prepayment of the New Senior Unsecured Credit Facility was funded by the proceeds of the IPO. In connection with the partial prepayment of the New Senior Unsecured Credit Facility, we recognized a loss on early extinguishment of debt of $0.2 million in the second quarter of 2013, consisting of a write-off of unamortized debt issuance costs.

2013 Intelsat Jackson Notes Offerings, Credit Facility Prepayments and Redemptions

On June 5, 2013 Intelsat Jackson completed an offering of $2.6 billion aggregate principal amount of Senior Notes, consisting of $2.0 billion aggregate principal amount of 5 ½% Senior Notes due 2023 (the "2023 Jackson Notes") and $635.0 million aggregate principal amount of 6 ⅝ % Senior Notes due 2022 (the "2022 Jackson Notes" and collectively with the 2023 Jackson notes, the "New Jackson Notes"). The net proceeds from this offering were used by Intelsat Jackson in June 2013 to prepay all $672.7 million of indebtedness outstanding under its New Senior Unsecured Credit Facility, and all $195.2 million of indebtedness outstanding under its Senior Unsecured Credit Agreement, consisting of a senior unsecured term loan facility due February 2014 (the "Senior Unsecured Credit Facility"). The remaining net proceeds were used to redeem all of the remaining $1.7 billion aggregate principal amount outstanding of the 2017 Senior Notes.

In connection with these prepayments and redemptions, we recognized a loss on early extinguishment of debt of $110.3 million in the second quarter of 2013, consisting of the difference between the carrying value of the aggregate debt prepaid and redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt issuance costs.

2012 Intelsat Jackson Notes Offerings, Tender Offers and Redemptions

On April 26, 2012, Intelsat Jackson completed an offering of $1.2 billion aggregate principal amount of its 7 1/4% Senior Notes due 2020 (the "2020 Jackson Notes"). Intelsat Jackson had previously issued $1.0 billion aggregate principal amount of the 2020 Jackson Notes on September 30, 2010. The net proceeds from the April 2012 offering were used by Intelsat Jackson to repurchase or redeem all of the $701.9 million aggregate principal amount of Intelsat Jackson's outstanding 9 1/2% Senior Notes due 2016 and $445.0 million aggregate principal amount of Intelsat Jackson's 11 1/4% Senior Notes due 2016 (the "2016 Jackson 11 1/4% Notes"). In connection with these repurchases and redemptions, we recognized a loss on early extinguishment of debt of $43.4 million during the second quarter of 2012, consisting of the difference between the carrying value of the aggregate debt repurchased or redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt premium and debt issuance costs.

On October 3, 2012, Intelsat Jackson completed an offering of $640.0 million aggregate principal amount of the 6 ⅝ % Senior Notes due 2022 (the "2022 Jackson Notes"). The net proceeds from the October 2012 offering were used by Intelsat Jackson to repurchase or redeem all of its outstanding $603.2 million principal amount of the 2016 Jackson 11 1/4% Notes. In connection with these repurchases and redemptions, we recognized a loss on early extinguishment of debt of $24.3 million in the fourth quarter of 2012, consisting of the difference between the carrying value of the debt repurchased or redeemed and the total cash amount paid (including related fees), and a write-off of unamortized debt premium.

2012 New Dawn Equity Purchase and Repayment of Credit Facilities

On December 5, 2008, New Dawn entered into a $215.0 million secured financing arrangement with an eight-year maturity that consisted of senior and mezzanine term loan facilities. Subsequent to the April 2011 launch of the IS-28 satellite, which experienced an anomaly resulting in the failure to deploy the C-band antenna reflector, the New Dawn joint venture filed a partial loss claim with its insurer. The claim was finalized and total insurance recoveries of $118.0 million were received. In July 2012, a payment of $112.2 million was made to prepay a portion of New Dawn's outstanding borrowings under its credit facilities. In connection with this prepayment, we recognized a loss on early extinguishment of debt of $3.1 million during the third quarter of 2012, associated with the write-off of unamortized debt issuance costs.

On October 5, 2012, in conjunction with the New Dawn Equity Purchase (see Note 10(b)—Investments—New Dawn) we repaid the remaining $82.6 million outstanding under New Dawn's credit facilities and designated the New Dawn entities as restricted subsidiaries for purposes of applicable indentures and credit agreements of ours and our subsidiaries. In connection with this repayment, we recognized a loss on early extinguishment of debt of $2.7 million in the fourth quarter of 2012, associated with the write-off of unamortized debt issuance costs.

Description of Indebtedness

(a) Intelsat Luxembourg

6 ¾% Senior Notes due 2018

Intelsat Luxembourg had $500 million in aggregate principal amount of the 2018 Luxembourg Notes outstanding at December 31, 2013. The 2018 Luxembourg Notes bear interest at 6 ¾% annually and mature in June 2018. The 2018 Luxembourg Notes are guaranteed by Intelsat S.A., Intelsat Investment Holdings S.à r.l., Intelsat Holdings S.A. and Intelsat Investments S.A. (the "Parent Guarantors").

Interest is payable on the 2018 Luxembourg Notes semi-annually on June 1 and December 1. Intelsat Luxembourg may redeem the 2018 Luxembourg Notes, in whole or in part, prior to June 1, 2015 at a price equal to 100% of the principal amount plus the applicable premium described in the notes. Thereafter, Intelsat Luxembourg may redeem some or all of the notes at the applicable redemption prices set forth in the notes.

Intelsat Luxembourg may redeem up to 40% of the aggregate principal amount of the 2018 Luxembourg Notes on or prior to June 1, 2015, with the net cash proceeds of one or more equity offerings by Intelsat Luxembourg or its direct or indirect parent, under the conditions set forth in the notes.

The 2018 Luxembourg Notes are senior unsecured obligations of Intelsat Luxembourg and rank equally with Intelsat Luxembourg's other senior unsecured indebtedness.

7 ¾% Senior Notes due 2021

Intelsat Luxembourg had $2.0 billion in aggregate principal amount of the 2021 Luxembourg Notes outstanding at December 31, 2013. The 2021 Luxembourg Notes bear interest at 7 ¾% annually and mature in June 2021. The 2021 Luxembourg Notes are guaranteed by the Parent Guarantors.

Interest is payable on the 2021 Luxembourg Notes semi-annually on June 1 and December 1. Intelsat Luxembourg may redeem the 2021 Luxembourg Notes, in whole or in part, prior to June 1, 2017 at a price equal to 100% of the principal amount plus the applicable premium described in the notes. Thereafter, Intelsat Luxembourg may redeem some or all of the notes at the applicable redemption prices set forth in the notes.

Intelsat Luxembourg may redeem up to 40% of the aggregate principal amount of the 2021 Luxembourg Notes on or prior to June 1, 2016, with the net cash proceeds of one or more equity offerings by Intelsat Luxembourg or its direct or indirect parent, under the conditions set forth in the notes.

The 2021 Luxembourg Notes are senior unsecured obligations of Intelsat Luxembourg and rank equally with Intelsat Luxembourg's other senior unsecured indebtedness.

8 ⅛% Senior Notes due 2023

Intelsat Luxembourg had $1.0 billion in aggregate principal amount of the 2023 Luxembourg Notes outstanding at December 31, 2013. The 2023 Luxembourg Notes bear interest at 8 1/8% annually and mature in June 2023. The 2023 Luxembourg Notes are guaranteed by the Parent Guarantors.

Interest is payable on the 2023 Luxembourg Notes semi-annually on June 1 and December 1. Intelsat Luxembourg may redeem the 2023 Luxembourg Notes, in whole or in part, prior to June 1, 2018 at a price equal to 100% of the principal amount plus the applicable premium described in the notes. Thereafter, Intelsat Luxembourg may redeem some or all of the notes at the applicable redemption prices set forth in the notes.

Intelsat Luxembourg may redeem up to 40% of the aggregate principal amount of the 2023 Luxembourg Notes on or prior to June 1, 2016, with the net cash proceeds of one or more equity offerings by Intelsat Luxembourg or its direct or indirect parent, under the conditions set forth in the notes.

The 2023 Luxembourg Notes are senior unsecured obligations of Intelsat Luxembourg and rank equally with Intelsat Luxembourg's other senior unsecured indebtedness.

(b) Intelsat Jackson

8 $^{1}/_{2}$% Senior Notes due 2019

Intelsat Jackson had $500.0 million in aggregate principal amount of its 8 1/2 % Senior Notes due 2019 (the "2019 Jackson Notes") outstanding at December 31, 2013. The 2019 Jackson Notes are guaranteed by the Parent Guarantors, Intelsat Luxembourg and certain of Intelsat Jackson's subsidiaries.

Interest is payable on the 2019 Jackson Notes semi-annually on May 1 and November 1. Intelsat Jackson may redeem some or all of the 2019 Jackson Notes at any time prior to November 1, 2014 at a price equal to 100% of the principal amount thereof plus the make-whole premium described in the notes. Thereafter, Intelsat Jackson may redeem some or all of the notes at the applicable redemption prices set forth in the notes.

The 2019 Jackson Notes are senior unsecured obligations of Intelsat Jackson and rank equally with Intelsat Jackson's other senior unsecured indebtedness.

7 $^{1}/_{4}$% Senior Notes due 2020

Intelsat Jackson had $2.2 billion in aggregate principal amount of 2020 Jackson Notes outstanding at December 31, 2013. The 2020 Jackson Notes bear interest at 7 1/4% annually and mature in October 2020. These notes are guaranteed by the Parent Guarantors, Intelsat Luxembourg and certain of Intelsat Jackson's subsidiaries.

Interest is payable on the 2020 Jackson Notes semi-annually on April 15 and October 15. Intelsat Jackson may redeem some or all of the 2020 Jackson Notes at any time prior to October 15, 2015 at a price equal to 100% of the principal amount thereof plus the applicable premium described in the respective notes. Thereafter, Intelsat Jackson may redeem some or all of the notes at the applicable redemption prices set forth in the notes.

The 2020 Jackson Notes are senior unsecured obligations of Intelsat Jackson and rank equally with Intelsat Jackson's other senior unsecured indebtedness.

7 $^{1}/_{4}$% Senior Notes due 2019 and 7 $^{1}/2$% Senior Notes due 2021

Intelsat Jackson had $1.5 billion in aggregate principal amount of its 7 1/4% Senior Notes due 2019 (the "7 1/4% 2019 Jackson Notes") and $1.15 billion aggregate principal amount of its 7 1/2% Senior Notes due 2021 (the "2021 Jackson Notes" and, together with the 7 1/4% 2019 Jackson Notes, the "New Jackson Notes") outstanding at December 31, 2013. The New Jackson Notes are guaranteed by the Parent Guarantors, Intelsat Luxembourg, and certain of Intelsat Jackson's subsidiaries.

Interest is payable on the New Jackson Notes semi-annually on April 1 and October 1. Intelsat Jackson may redeem the 7 1/4% 2019 Jackson Notes and the 2021 Jackson Notes, in whole or in part, prior to April 1, 2015 and April 1, 2016, respectively, at a price equal to 100% of the principal amount plus the applicable premium described in the respective notes. Intelsat Jackson may redeem the 7 1/4% 2019 Jackson Notes and the 2021 Jackson Notes, in whole or in part, on or after April 1, 2015 and April 1, 2016, respectively, at redemption prices set forth in the respective notes.

Intelsat Jackson may redeem up to 35% of the aggregate principal amount of the New Jackson Notes on or prior to April 1, 2014, with the net cash proceeds of one or more equity offerings by Intelsat Jackson or its direct or indirect parent, under the conditions set forth in the respective notes.

The New Jackson Notes are senior unsecured obligations of Intelsat Jackson and rank equally with Intelsat Jackson's other senior unsecured indebtedness.

6 $^{5}/_{8}$% Senior Notes due 2022

Intelsat Jackson had $1.3 billion in aggregate principal amount of the 2022 Intelsat Jackson Notes outstanding at December 31, 2013. The 2022 Intelsat Jackson Notes bear interest at 6 5/8% annually and mature in December 2022. These notes are guaranteed by the Parent Guarantors and Intelsat Luxembourg.

Interest is payable on the 2022 Intelsat Jackson Notes semi-annually on June 15 and December 15. Intelsat Jackson may redeem some or all of the 2022 Intelsat Jackson Notes at any time prior to December 15, 2017 at a price equal to 100% of the principal amount thereof plus the applicable premium described in the notes. Thereafter, Intelsat Jackson may redeem some or all of the 2022 Intelsat Jackson Notes at the applicable redemption prices set forth in the notes.

Intelsat Jackson may redeem up to 35% of the aggregate principal amount of the 2022 Intelsat Jackson Notes on or prior to December 15, 2015, with the net cash proceeds of one or more equity offerings by Intelsat Jackson or its direct or indirect parent, under the conditions set forth in the notes.

The 2022 Intelsat Jackson Notes are senior unsecured obligations of Intelsat Jackson and rank equally with Intelsat Jackson's other senior unsecured indebtedness.

5 ½% Senior Notes due 2023

Intelsat Jackson had $2.0 billion in aggregate principal amount of the 2023 Jackson Notes outstanding at December 31, 2013. The 2023 Jackson Notes bear interest at 5 ½% annually and mature in August 2023. These notes are guaranteed by the Parent Guarantors, Intelsat Luxembourg and certain of Intelsat Jackson's subsidiaries.

Interest is payable on the 2023 Jackson Notes semi-annually on February 1 and August 1. Intelsat Jackson may redeem some or all of the 2023 Jackson Notes at any time prior to August 1, 2018 at a price equal to 100% of the principal amount thereof plus the applicable premium described in the notes. Thereafter, Intelsat Jackson may redeem some or all of the 2023 Intelsat Jackson Notes at the applicable redemption prices set forth in the notes.

Intelsat Jackson may redeem up to 40% of the aggregate principal amount of the 2023 Jackson Notes prior to August 1, 2016, with the net cash proceeds of one or more equity offerings by Intelsat Jackson or its direct or indirect parent, under the conditions set forth in the notes.

The 2023 Jackson Notes are senior unsecured obligations of Intelsat Jackson and rank equally with Intelsat Jackson's other senior unsecured indebtedness.

Intelsat Jackson Senior Secured Credit Agreement

On January 12, 2011, Intelsat Jackson entered into a secured credit agreement (the "Intelsat Jackson Secured Credit Agreement"), which includes a $3.25 billion term loan facility and a $500.0 million revolving credit facility, and borrowed the full $3.25 billion under the term loan facility. The term loan facility requires regularly scheduled quarterly payments of principal equal to 0.25% of the original principal amount of the term loan beginning six months after January 12, 2011, with the remaining unpaid amount due and payable at maturity.

Up to $350.0 million of the revolving credit facility is available for issuance of letters of credit. Additionally, up to $70.0 million of the revolving credit facility is available for swingline loans. Both the face amount of any outstanding letters of credit and any swingline loans reduce availability under the revolving credit facility on a dollar for dollar basis. Intelsat Jackson is required to pay a commitment fee for the unused commitments under the revolving credit facility, if any, at a rate per annum of 0.375%. As of December 31, 2013, Intelsat Jackson had $487.0 million (net of standby letters of credit) of availability remaining thereunder.

On October 3, 2012, Intelsat Jackson entered into an Amendment and Joinder Agreement (the "Jackson Credit Agreement Amendment"), which amended the Intelsat Jackson Secured Credit Agreement. As a result of the Jackson Credit Agreement Amendment, interest rates for borrowings under the term loan facility and the revolving credit facility were reduced. In April 2013, our corporate family rating was upgraded by Moody's, and as a result, the interest rate for the borrowing under the term loan facility and revolving credit facility were further reduced to LIBOR plus 3.00% or the Above Bank Rate ("ABR") plus 2.00%.

On November 27, 2013, Intelsat Jackson entered into a Second Amendment and Joinder Agreement (the "Second Jackson Credit Agreement Amendment"), which further amended the Intelsat Jackson Secured Credit Agreement. The Second Jackson Credit Agreement Amendment reduced interest rates for borrowings under the term loan facility and extended the maturity of the term loan facility. In addition, it reduced the interest rates applicable to $450 million of the $500 million total revolving credit facility and extended the maturity of such portion. As a result of the Second Jackson Credit Agreement Amendment, interest rates for borrowings under the term loan facility and the new tranche of the revolving credit facility are (i) LIBOR plus 2.75%, or (ii) the ABR plus 1.75%. The LIBOR and the ABR, plus applicable margins, related to the term loan facility and the new tranche of the revolving credit facility are determined as specified in the Intelsat Jackson Secured Credit Agreement, as amended by the Second Jackson Credit Agreement Amendment, and the LIBOR will not be less than 1.00% per annum. The maturity date of the term loan facility was extended from April 2, 2018 to June 30, 2019 and the maturity of the new $450 million tranche of the revolving credit facility was extended from January 12, 2016 to July 12, 2017. The interest rates and maturity date applicable to the $50 million tranche of the revolving credit facility that was not amended did not change.

Intelsat Jackson's obligations under the Intelsat Jackson Secured Credit Agreement are guaranteed by Intelsat Luxembourg, and certain of Intelsat Jackson's subsidiaries. Intelsat Jackson's obligations under the Intelsat Jackson Secured Credit Agreement are secured by a first priority security interest in substantially all of the assets of Intelsat Jackson and the guarantors, to the extent legally permissible and subject to certain agreed exceptions, and by a pledge of the equity interests of the subsidiary guarantors and the direct subsidiaries of each guarantor, subject to certain exceptions, including exceptions for equity interests in certain non-U.S. subsidiaries, existing contractual prohibitions and prohibitions under other legal requirements.

The Intelsat Jackson Secured Credit Agreement includes two financial covenants. Intelsat Jackson must maintain a consolidated secured debt to consolidated EBITDA ratio equal to or less than 3.50 to 1.00 at the end of each fiscal quarter as well as a consolidated EBITDA to consolidated interest expense ratio equal to or greater than 1.75 to 1.00 at the end of each fiscal quarter, in each case as such financial measures are defined in the Intelsat Jackson Secured Credit Agreement. Intelsat Jackson was in compliance with these financial maintenance covenant ratios with a consolidated secured debt to consolidated EBITDA ratio of 1.40 to 1.00 and a consolidated EBITDA to consolidated interest expense ratio of 2.93 to 1.00 as of December 31, 2013.

(c) Horizons Holdings

Horizons Holdings had $24.4 million in aggregate principal amount of the Horizons 2 Loan Agreement outstanding at December 31, 2013. These notes bear interest at LIBOR plus 0.6%. Horizons Holdings' obligations under the loan agreement are secured by a security interest in substantially all of the assets of Horizons Holdings, Horizons-1 and Horizons-2. Payments on the Horizons 2 Loan Agreement are made semi-annually in March and September in equal installments. As of December 31, 2013, two semi-annual payments remain on the Horizons 2 Loan Agreement, which will be fully repaid in September 2014.

Note 13 Derivative Instruments and Hedging Activities

Interest Rate Swaps

We are subject to interest rate risk primarily associated with our variable-rate borrowings. Interest rate risk is the risk that changes in interest rates could adversely affect earnings and cash flows. Specific interest rate risk includes: the risk of increasing interest rates on short-term debt; the risk of increasing interest rates for planned new fixed long-term financings; and the risk of increasing interest rates for planned refinancing using long-term fixed-rate debt. We have entered into interest rate swap agreements to reduce the impact of interest rate movements on future interest expense by converting substantially all of our floating-rate debt to a fixed rate.

As of December 31, 2013, we held interest rate swaps with an aggregate notional amount of $1.6 billion which mature in January 2016. These swaps were entered into, as further described below, to economically hedge the variability in cash flow on a portion of the floating-rate term loans under our senior secured credit facilities, but have not been designated as hedges for accounting purposes. On a quarterly basis, we receive a floating rate of interest equal to the three-month LIBOR and pay a fixed rate of interest. On the interest rate reset date of December 14, 2013, the interest rate which the counterparties utilized to compute interest due to us was determined to be 0.24%. On March 14, 2013, our interest rate swap with an aggregate notional principal amount of $731.4 million expired.

The counterparties to our interest rate swap agreements are highly rated financial institutions. In the unlikely event that the counterparties fail to meet the terms of the interest rate swaps, our exposure is limited to the interest rate differential on the notional amount at each quarterly settlement period over the life of the agreement. We do not anticipate non-performance by the counterparties.

All of our interest rate swaps were undesignated as of December 31, 2013. The swaps are marked-to-market quarterly with any change in fair value recorded within losses on derivative financial instruments in our consolidated statements of operations. We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements of our derivatives. The fair value measurement of derivatives could result in either a net asset or a net liability position for us. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting arrangements as applicable and necessary. When the swaps are in a net liability position for us, the credit valuation adjustments are calculated by determining the total expected exposure of the derivatives, incorporating the current and potential future exposures and then applying an applicable credit spread to the exposure. The total expected exposure of a derivative is derived using market-observable inputs, such as yield curves and volatilities. The inputs utilized for our own credit spread are based on implied spreads from traded levels of our debt. Accordingly, as of December 31, 2013, we recorded a non-cash credit valuation adjustment of approximately $1.6 million as a reduction to our liability.

Put Option Embedded Derivative Instrument

On the date of issuance of the 2015 Intelsat Sub Holdco Notes, Series B, we determined that these debt instruments contained a contingent put option clause within the host contract, which afforded the holders of the notes the option to require the issuer to repurchase such notes at 101% of their principal amount in the event of a change of control, as defined in the indenture governing the notes. In our evaluation of the financing arrangement, we concluded that the contingent put option required bifurcation in accordance with current accounting standards under FASB ASC 815. We therefore bifurcated the contingent put option and carried it as a derivative liability at fair value. We estimated the fair value of the derivative on the date of inception using a standard valuation technique, which places the most significant emphasis upon the estimated date and probability of a change of control and incorporated the issue price, maturity date and change of control put price. We subsequently revalued the derivative at the end of each reporting period, recognizing any change in fair value through earnings. The fair value of the embedded derivative was calculated as $4.3 million at December 31, 2010. As of May 5, 2011, we redeemed the entire $400 million aggregate principal amount outstanding of the 2015 Intelsat Sub Holdco Notes, Series B. Therefore, we derecognized the embedded derivative liability and the value at December 31, 2011 was $0. We recorded a gain of $4.3 million included in losses on derivative financial instruments in our consolidated statement of operations during the year ended December 31, 2011 to adjust the fair market value of the put option embedded derivative to $0.

The following table sets forth the fair value of our derivatives by category (in thousands):

		Liability Derivatives	
Derivatives not designated as hedging instruments	**Balance Sheet Location**	**December 31, 2012**	**December 31, 2013**
Undesignated interest rate swaps	Other current liabilities	$ 7,246	$ 1,241
Undesignated interest rate swaps	Other long-term liabilities	67,318	47,578
Total derivatives		$ 74,564	$ 48,819

The following table sets forth the effect of the derivative instruments on the consolidated statements of operations (in thousands):

Derivatives not designated as hedging instruments	**Presentation in Statements of Operations**	**Year Ended December 31, 2011**	**Year Ended December 31, 2012**	**Year Ended December 31, 2013**
Undesignated interest rate swaps	Losses on derivative financial instruments	$ 28,930	$ 39,935	$ 8,064
Put option embedded derivative	Losses on derivative financial instruments	(4,295)	—	—
Total losses on derivative financial instruments		$ 24,635	$ 39,935	$ 8,064

Note 14 Income Taxes

The following table summarizes our total loss before income taxes (in thousands):

	Year Ended December 31, 2011	**Year Ended December 31, 2012**	**Year Ended December 31, 2013**
Domestic income (loss) before income taxes	$ (567,039)	$ (627,617)	$ (356,019)
Foreign income (loss) before income taxes	76,381	458,488	73,189
Total loss before income taxes	$ (490,658)	$ (169,129)	$ (282,830)

The composition of our income (loss) between domestic and foreign sources changed in 2013 principally due to an internal subsidiary reorganization.

The provision for (benefit from) income taxes consisted of the following (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Current income tax provision (benefit)			
Domestic	$ 1,162	$ 1,019	$ 856
Foreign	23,011	41,239	33,654
Total	24,173	42,258	34,510
Deferred income tax provision (benefit):			
Domestic	—	—	—
Foreign	(79,566)	(61,889)	(65,347)
Total	(79,566)	(61,889)	(65,347)
Total income tax provision (benefit):	$ (55,393)	$ (19,631)	$ (30,837)

The income tax provision (benefit) was different from the amount computed using the Luxembourg statutory income tax rate of 29.22% for the reasons set forth in the following table (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
Expected tax benefit at Luxembourg statutory income tax rate	$ (141,310)	$ (48,709)	$ (82,643)
Foreign income tax differential	27,626	33,118	35,511
Nontaxable interest income	(102,758)	(136,478)	(93,154)
U.S. extraterritorial income exclusion tax benefit	(208)	(37,597)	—
Change in tax rate	716	—	—
Changes in unrecognized tax benefits	(5,087)	1,756	(3,997)
Changes in valuation allowance	173,930	174,038	171,433
Tax effect of 2011 Intercompany Sale	(6,272)	(6,416)	(6,865)
Foreign Tax Credits	—	—	(44,137)
Research and Development Tax Credits	—	—	(5,890)
Other	(2,030)	657	(1,095)
Total income tax provision	$ (55,393)	$ (19,631)	$ (30,837)

The majority of our operations are subject to tax in Luxembourg, the United States, the United Kingdom and Brazil. Our Luxembourg companies that file tax returns as a consolidated group generated a loss for the year ended December 31, 2013. Due to our cumulative losses in recent years, and the inherent uncertainty associated with the realization of taxable income in the foreseeable future, we recorded a full valuation allowance against the cumulative net operating losses in Luxembourg as of December 31, 2012 and 2013. The difference between tax expense (benefit) reported in the consolidated statements of operations and tax computed at statutory rates is attributable to the valuation allowance on losses generated in Luxembourg, the provision for foreign taxes, which were principally in the United States and the United Kingdom, as well as withholding taxes on revenue earned in many of the foreign markets in which we operate.

In December 2012, Luxembourg enacted a tax rate change increasing the tax rate from 28.8% to 29.22%. The effective date of the enacted tax rate change was January 1, 2013. Due to the full valuation allowance on our Luxembourg net deferred tax assets, the rate change did not affect our tax expense. Our Luxembourg net operating loss includes the effect of Luxembourg GAAP to US GAAP differences, primarily related to fair value adjustments attributable to our Luxembourg Migration on December 15, 2009 and the 2011 Reorganization.

The following table details the composition of the net deferred tax balances as of December 31, 2012 and 2013 (in thousands):

	As of December 31, 2012	As of December 31, 2013
Current deferred taxes, net	$ 94,779	$ 44,475
Long-term deferred taxes, net	(286,673)	(202,638)
Other assets	7,957	9,246
Net deferred taxes	$ (183,937)	$ (148,917)

The components of the net deferred tax liability were as follows (in thousands):

	As of December 31, 2012	As of December 31, 2013
Deferred tax assets:		
Accruals and advances	$ 35,801	$ 23,959
Amortizable intangible assets	516,562	188,800
Non-amortizable intangible assets	30,588	—
Performance incentives	29,653	26,146
Customer deposits	50,833	51,318
Bad debt reserve	4,113	3,436
Accrued retirement benefits	100,748	67,337
Interest rate swap	3,562	568
Satellites and other property and equipment	337,476	44,487
Disallowed interest expense carryforward	88,192	95,427
Net operating loss carryforward	1,068,126	1,265,624
Capital loss carryforward	22,259	—
Tax credits	20,643	73,916
Other	60,137	15,675
Total deferred tax assets	2,368,693	1,856,693
Deferred tax liabilities:		
Satellites and other property and equipment	(64,700)	(49,077)
Amortizable intangible assets	(34,958)	(44,297)
Non-amortizable intangible assets	(267,965)	(254,384)
Tax basis differences in investments and affiliates	(238,859)	(187,283)
Other	(2,783)	(5,863)
Total deferred tax liabilities	(609,265)	(540,904)
Valuation allowance	(1,943,365)	(1,464,706)
Total net deferred tax liabilities	$ (183,937)	$ (148,917)

As of December 31, 2012 and 2013, our consolidated balance sheets included a deferred tax asset in the amount of $1.1 billion and $1.3 billion, respectively, attributable to the future benefit from the utilization of certain net operating loss carryforwards and $20.6 million and $73.9 million of deferred tax assets, respectively, attributable to the future benefit from the utilization of tax credit carryforwards. As of December 31, 2013, we had tax effected U.S. federal, state and other foreign tax net operating loss carryforwards of $67.8 million expiring, for the most part, between 2018 and 2033 and tax effected Luxembourg net operating loss carryforwards of $1.2 billion without expiration. These Luxembourg net operating loss carryforwards were caused primarily by our interest expense, satellite depreciation and the amortization of goodwill and other intangible assets. Our alternative minimum tax credit carryforward of $21.0 million may be carried forward indefinitely, and the $8.8 million research and development credit may be carried forward to years between 2016 and 2018. Our capital loss carry forward as of December 31, 2012 of $22.3 million was used in full in 2013, and an offsetting valuation allowance was released.

Our valuation allowance as of December 31, 2012 and 2013 was $1.9 billion and $1.5 billion, respectively. Almost all of the valuation allowance relates to Luxembourg net operating loss carryforwards and deferred tax assets created by differences between US GAAP and Luxembourg tax basis. Certain operations of our subsidiaries are controlled by various intercompany agreements which provide these subsidiaries with predictable operating profits. Other subsidiaries, principally Luxembourg subsidiaries, are subject to the risks of our overall business conditions which make their earnings less predictable.

The following table summarizes the activity related to our unrecognized tax benefits (in thousands):

	2012	2013
Balance at January 1	$ 64,767	$ 67,015
Increases related to current year tax positions	3,593	3,477
Increases related to prior year tax positions	3,580	3,107
Decreases related to prior year tax positions	(3,177)	(6,443)
Expiration of statute of limitations for the assessment of taxes	(1,748)	(2,045)
Balance at December 31	$ 67,015	$ 65,111

As of December 31, 2012 and December 31, 2013 our gross unrecognized tax benefits were $67.0 million and $65.1 million, respectively (including interest and penalties), of which $48.4 million and $44.4 million, respectively, if recognized, would affect our effective tax rate. As of December 31, 2012 and 2013, we had recorded reserves for interest and penalties of $11.6 million and $14.7 million, respectively. We recognize interest and, to the extent applicable, penalties with respect to the unrecognized tax benefits as income tax expense. Since December 31, 2012, the change in the balance of unrecognized tax benefits consisted of a decrease of $3.3 million related to prior period tax positions, an increase of $3.4 million related to current tax positions, and decrease of $2.0 million due to the expiration of statute of limitations for the assessment of taxes.

We operate in various tax jurisdictions throughout the world and our tax returns are subject to audit and review from time to time. We consider Luxembourg, the United States, the United Kingdom and Brazil to be our significant tax jurisdictions. Our Luxembourg, U.S., U.K. and Brazilian companies are subject to federal, state and local income tax examination for periods after December 31, 2003.

Within the next twelve months, we believe that there are no jurisdictions in which the outcome of unresolved tax issues or claims is likely to be material to our results of operations, financial position or cash flows.

On March 7, 2011, Intelsat Holding Corporation was notified by the Internal Revenue Service of its intent to initiate an audit for the tax years ended December 31, 2008 and 2009. On May 6, 2013, Intelsat Holding Corporation received a letter from the Internal Revenue Service effectively closing the audit of our federal income tax returns for these years. Certain previously unrecognized tax benefits were recognized as a result of the conclusion of this audit.

On March 7, 2013, Intelsat USA Sales Corporation (since January 2011, Intelsat USA Sales LLC, a disregarded subsidiary of Intelsat Corp) was notified by the U. S. Internal Revenue Service of its intent to initiate an audit for the tax year ending on December 31, 2010. Intelsat USA Sales LLC wholly owns Intelsat General Corporation, which provides services to U.S. government and other select military organizations and their contractors, as well as other commercial customers. At this point in time, it is too early to assess the probability of any adjustments resulting from this audit.

During the third quarter of 2013, we implemented an internal subsidiary reorganization. As a result, we recorded a significant tax benefit related to foreign tax credits we intend to claim on our U.S. subsidiaries' tax returns. These foreign tax credits primarily relate to taxes paid in prior years and are expected to reduce our future tax liability.

Tax Contingency

Prior to August 20, 2004, our subsidiary, Intelsat Corp, joined with The DIRECTV Group and General Motors Corporation in filing a consolidated U.S. federal income tax return. In April 2004, Intelsat Corp entered into a tax separation agreement with The DIRECTV Group that superseded four earlier tax-related agreements among Intelsat Corp and its subsidiaries, The DIRECTV Group and certain of its affiliates. Pursuant to the tax separation agreement, The DIRECTV Group agreed to indemnify Intelsat Corp for all federal and consolidated state and local income taxes a taxing authority may attempt to collect from Intelsat Corp regarding any liability for the federal or consolidated state or local income taxes of General Motors Corporation and The DIRECTV Group, except those income taxes Intelsat Corp is required to pay under the tax separation agreement. In addition, The DIRECTV Group agreed to indemnify Intelsat Corp for any taxes (other than those taxes described in the preceding sentence) related to any periods or portions of such periods ending on or prior to the day of the closing of the PanAmSat recapitalization, which occurred on August 20, 2004, in amounts equal to 80% of the first $75.0 million of such other taxes and 100% of any other taxes in excess of the first $75.0 million. As a result, Intelsat Corp's tax exposure after indemnification related to these periods is capped at $15.0 million, of which $4.0 million has been paid to date. The tax separation agreement with The DIRECTV Group is effective from August 20, 2004 until the expiration of the statute of limitations with respect to all taxes to which the tax separation agreement relates. As of December 31, 2012 and 2013, we had a tax indemnification receivable of $2.3 million and $1.5 million, respectively.

Note 15 Contractual Commitments

In the further development and operation of our commercial global communications satellite system, significant additional expenditures are anticipated. In connection with these and other expenditures, we have assumed a significant amount of long-term debt, as described in Note 12—Long-Term Debt. In addition to these debt and related interest obligations, we have expenditures represented by other contractual commitments. The additional expenditures as of December 31, 2013 and the expected year of payment are as follows (in thousands):

	Satellite Construction and Launch Obligations	Satellite Performance Incentive Obligations	Operating Leases	Sublease Rental Income	Customer and Vendor Contracts	Total
2014	$ 405,066	$ 37,834	$ 8,968	$ (418)	$ 116,799	$ 568,249
2015	445,013	28,880	14,698	(369)	28,978	517,200
2016	413,079	26,730	14,870	(299)	19,421	473,801
2017	337,509	25,089	13,688	(14)	3,284	379,556
2018	214,099	20,899	13,287	(20)	1,732	249,997
2019 and thereafter	253,176	124,445	148,158	(210)	1,092	526,661
Total contractual commitments	$ 2,067,942	$ 263,877	$ 213,669	$ (1,330)	$ 171,306	$ 2,715,464

(a) Satellite Construction and Launch Obligations

As of December 31, 2013, we had approximately $2.1 billion of expenditures remaining under our existing satellite construction and launch contracts. Satellite launch and in-orbit insurance contracts related to future satellites to be launched are cancelable up to thirty days prior to the satellite's launch. As of December 31, 2013, we did not have any non-cancelable commitments related to existing launch insurance or in-orbit insurance contracts for satellites to be launched.

The satellite construction contracts typically require that we make progress payments during the period of the satellite's construction. The satellite construction contracts contain provisions that allow us to terminate the contracts with or without cause. If terminated without cause, we would forfeit the progress payments and be subject to termination payments that escalate with the passage of time. If terminated for cause, we would be entitled to recover any payments we made under the contracts and certain liquidated damages as specified in the contracts.

(b) Satellite Performance Incentive Obligations

Satellite construction contracts also typically require that we make orbital incentive payments (plus interest as defined in each agreement with the satellite manufacturer) over the orbital life of the satellite. The incentive obligations may be subject to reduction or refund if the satellite fails to meet specific technical operating standards. As of December 31, 2013, we had $263.9 million recorded in relation to satellite performance incentive obligations, including future interest payments.

(c) Operating Leases

We have commitments for operating leases primarily relating to equipment and office facilities, including the New U.S. Administrative Headquarters, for which we entered into an agreement on November 30, 2012, and amended to increase space in 2013, to lease space in a building under construction in McLean, Virginia. The obligation and timing of the New U.S. Administrative Headquarters lease payments are contingent upon the completion of the building and office space. Further, if the building and office space is not complete by the appointed time in 2014, we will continue to lease space at the U.S. Administrative Headquarters Property in Washington, D.C. Leases related to equipment and office facilities contain rental escalation provisions for increases. As of December 31, 2013, the total obligation related to operating leases, net of sublease income on leased facilities and rental income, was $212.3 million. Rental income and sublease income are included in other income (expense), net in the accompanying consolidated statements of operations.

Total rent expense for the years ended December 31, 2011, 2012 and 2013, was $4.9 million, $7.0 million and $13.1 million, respectively.

(d) Customer and Vendor Contracts

We have contracts with certain customers that require us to provide equipment, services and other support during the term of the related contracts. We also have long-term contractual obligations with service providers primarily for the operation of certain of our satellites. As of December 31, 2013, we had commitments under these customer and vendor contracts which totaled approximately $171.3 million related to the provision of equipment, services and other support.

Note 16 Contingencies

We are subject to litigation in the ordinary course of business. Management does not believe that the resolution of any pending proceedings would have a material adverse effect on our financial position or results of operations.

Note 17 Business and Geographic Segment Information

We operate in a single industry segment in which we provide satellite services to our communications customers around the world. Revenue by region is based on the locations of customers to which services are billed. Our satellites are in geosynchronous orbit, and consequently are not attributable to any geographic location. Of our remaining assets, substantially all are located in the United States.

We earn revenue primarily by providing services to our customers using our satellite transponder capacity. Our customers generally obtain satellite capacity from us by placing an order pursuant to one of several master customer service agreements. Our customer agreements also cover services that we procure from third parties and resell, which we refer to as off-network services. These services can include transponder services and other satellite-based transmission services in frequencies not available on our network. Under the category off-network and other revenues, we also include revenues from consulting and other services.

The geographic distribution of our revenue based upon billing region of the customer was as follows:

	Year Ended December 31, 2011	Year Ended December 31, 2012	Year Ended December 31, 2013
North America	47%	46%	45%
Europe	16%	16%	16%
Africa and Middle East	17%	16%	15%
Latin America and Caribbean	14%	15%	16%
Asia Pacific	6%	7%	8%

Approximately 4% of our revenue was derived from our largest customer during each of the years ended December 31, 2011, 2012 and 2013. The ten largest customers accounted for approximately 27%, 25% and 25% of our revenue for the years ended December 31, 2011, 2012 and 2013, respectively.

Our revenues were derived from the following services, with Off-Network and Other Revenues shown separately from On-Network Revenues (in thousands, except percentages):

	Year Ended December 31, 2011		Year Ended December 31, 2012		Year Ended December 31, 2013	
On-Network Revenues						
Transponder services	$ 1,907,768	74%	$ 1,950,230	75%	$ 1,988,771	76%
Managed services	282,386	11%	276,024	11%	298,623	11%
Channel	104,981	4%	91,805	4%	72,123	3%
Total on-network revenues	2,295,135	89%	2,318,059	89%	2,359,517	91%
Off-Network and Other Revenues						
Transponder, MSS and other off-network services	237,020	9%	234,143	9%	194,601	7%
Satellite-related services	56,271	2%	57,950	2%	49,505	2%
Total off-network and other revenues	293,291	11%	292,093	11%	244,106	9%
Total	$ 2,588,426	100%	$ 2,610,152	100%	$ 2,603,623	100%

Note 18 Related Party Transactions

(a) Shareholders' Agreements

Certain shareholders of Intelsat Global S.A. entered into shareholders' agreements on February 4, 2008. The shareholders' agreements were assigned to Intelsat S.A. by amendments effective as of March 30, 2012. The shareholders' agreements and the articles of incorporation of Intelsat S.A. provided, among other things, for the governance of Intelsat S.A. and its subsidiaries and provided specific rights to and limitations upon the holders of Intelsat S.A.'s share capital with respect to shares held by such holders. In connection with the IPO in April 2013, these articles of incorporation and shareholders' agreements were amended.

(b) Monitoring Fee Agreement

Intelsat Luxembourg, our wholly-owned subsidiary, had the 2008 MFA with BC Partners Limited and Silver Lake Management Company III, L.L.C. (together, the "2008 MFA Parties"), pursuant to which the 2008 MFA Parties provided certain monitoring, advisory and consulting services to Intelsat Luxembourg.

In connection with the IPO in April 2013, the 2008 MFA was terminated and we paid a fee of $39.1 million to the 2008 MFA Parties in connection with the termination. The $39.1 million payment, together with a write-off of $17.2 million of prepaid fees relating to the balance of 2013, were expensed upon consummation of the IPO, and are included within selling, general and administrative expenses in our consolidated statement of operations. We recorded expense for services associated with the 2008 MFA of $24.9 million and $25.1 million for the years ended December 31, 2011 and 2012, respectively. We recorded expense for services associated with, and including the termination of, the 2008 MFA of $64.2 million for the year ended December 31, 2013.

(c) Governance Agreement

Prior to the consummation of the IPO, we entered into a governance agreement (the "Governance Agreement") with our shareholder affiliated with BC Partners (the "BC Shareholder"), our shareholder affiliated with Silver Lake (the "Silver Lake Shareholder") and David McGlade (collectively with the BC Shareholder and the Silver Lake Shareholder, the "Governance Shareholders"). The Governance Agreement contains provisions relating to the composition of our board of directors and certain other matters.

(d) Indemnification Agreements

We have entered into agreements with our executive officers and directors to provide contractual indemnification in addition to the indemnification provided for in our articles of incorporation.

(e) Horizons Holdings

We have a 50% ownership interest in Horizons Holdings as a result of a joint venture with JSAT (see Note 10(a)—Investments—Horizons Holdings).

(f) WP Com

We have a 49% ownership interest in WP Com as a result of a joint venture with Corporativo (see Note 10(c)—Investments—WP Com).

Note 19 Quarterly Results of Operations (in thousands, unaudited)

	Quarter Ended			
2012	**March 31**	**June 30**	**September 30**	**December 31**
Revenue	$ 644,169	$ 638,668	$ 654,946	$ 672,368
Income from operations	291,275	281,543	300,959	311,611
Net loss	(25,067)	(84,328)	(35,349)	(4,755)
Net loss attributable to Intelsat S.A.	(25,248)	(84,710)	(35,430)	(5,750)
Net loss per share attributable to Intelsat S.A.:				
Basic	$ (0.30)	$ (1.02)	$ (0.43)	$ (0.07)
Diluted	(0.30)	(1.02)	(0.43)	(0.07)

2013	Quarter Ended March 31	June 30	September 30	December 31
Revenue	$ 655,127	$ 653,803	$ 651,844	$ 642,848
Income from operations	310,049	255,638	308,082	330,604
Net income (loss)	(6,916)	(407,266)	88,574	73,615
Net income (loss) attributable to Intelsat S.A.	(7,804)	(408,305)	87,798	72,631
Net income (loss) per share attributable to Intelsat S.A.:				
Basic	$ (0.09)	$ (4.19)	$ 0.83	$ 0.69
Diluted	(0.09)	(4.19)	0.75	0.62

The quarter ended June 30, 2012 included a $43.4 million loss on early extinguishment of debt related to the repayment of debt in connection with the 2012 Intelsat Jackson Notes Offering, Tender Offers and Redemptions. The quarter ended September 30, 2012 included a $20.0 million pre-tax charge plus $1.0 million of associated costs and expenses in connection with the expiration of an unconsummated third-party investment commitment. The quarter ended December 31, 2012 included a $24.3 million loss on early extinguishment of debt related to the repayment of debt in connection with the 2012 Intelsat Jackson Notes Offering, Tender Offers and Redemptions.

The quarter ended June 30, 2013 included a $366.8 million loss on early extinguishment of debt related to the repayment of debt in connection with the 2013 Intelsat Luxembourg Notes Offerings and Redemptions, the 2013 Intelsat Investments Notes Redemption, the 2013 Intelsat Jackson New Senior Unsecured Credit Facility Prepayment and the 2013 Intelsat Jackson Notes Offerings, Credit Facility Prepayments and Redemptions. The quarter ended June 30, 2013 also included expenses in connection with the IPO, including a $39.1 million payment associated with the termination of the 2008 MFA, a write-off of $17.2 million in prepaid fees for the balance of 2013 related to the 2008 MFA and a pre-tax charge of $21.3 million associated with the IPO-Related Compensation Charges.

Note 20 Reconciliation with International Financial Reporting Standards (referred hereafter as “IFRS”)

The reconciliation of the Shareholders’ equity under US GAAP to the Shareholders’ equity under IFRS as at 31 December is as followed:

	2012 USD Thousands	2013 USD Thousands
Shareholders’ equity under US GAAP	$ (1,357,760)	$ (975,353)
Reversal of asset impairment	104,099	104,099
Income tax provision	(30,762)	(27,865)
Depreciation of impaired assets	(24,783)	(34,696)
Pension accumulated other comprehensive income adjustment	94,061	(7,910)
Pension related expenses	3,320	7,900
Adjustment due to IAS 19 R adoption	(97,381)	-
Shareholders’ equity under IFRS	**$ (1,309,206)**	**$ (933,825)**

The reconciliation of the loss for the period under US GAAP to the profit for the period under IFRS as at 31 December is as followed:

	2012 USD Thousands	2013 USD Thousands
Profit for the period under US GAAP	$ (151,137)	$ (255,680)
Income tax provision	2,855	2,897
Depreciation of impaired assets	(9,913)	(9,913)
Pension related expenses	3,320	7,900
Share-based compensation	-	(6,440)
Profit for the period under IFRS	$ **(154,875)**	$ **(261,236)**

Impairment of long-lived assets (IAS 36)

Under IFRS, an impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In 2010, the Company's G-15 satellite was initially impaired as discussed in Note 9 (e). As of December 31, 2010, the Company recovered control of the satellite and it was determined that the carrying amount of the asset , except as described in IAS 36.117, was fully recovered and therefore the Company has increased to its recoverable amount by the full amount of the initial impairment. Under US GAAP, an impairment loss may not be reversed if the fair value of the impaired asset or asset group increases subsequently.

Pension related expenses (IAS 19 & IAS 19 R)

In 2011, the IASB issued revisions to IAS 19 (IAS 19R), the IFRS accounting standard for retirement plans, bringing several key differences. Except for gains and losses recognized under other comprehensive income instead of P&L as it happens in US GAAP, there is no more material difference.

Since 2013 is the first year changes affect reporting, for comparative purposes, statements are reflecting both 2012 and 2013 figures under IAS 19R. Therefore retained earnings have to be reduced by USD 97.4 million as of January 1, 2012, representing the total net amount of unrecognized losses at that date.

Share-based compensation (IFRS 2)

IFRS 2 Share-based Compensation requires the Company to measure share-based compensation related to share purchase options and RSUs at the fair value of the option or RSU on the date of the grant, and recognize the fair value as expense over the vesting period of the award. IFRS 2 also requires that an award with graded vesting be considered separate grants with different vesting dates and fair values. Under US GAAP awards with graded vesting are recognized as expense on a straight-line basis over the entire vesting period.

Note 21 Auditor fees

Fees billed to the Company and its subsidiaries by KPMG Luxembourg S.à r.l., and other member firms of the KPMG network during the year are as follows:

(in USD Thousands, VAT excluded)

	2012	2013
Audit fees annual accounts and consolidated accounts	1,698	1,738
Audit-related fees	652	368
Tax fees	50	12
Other fees	30	161

Such fees are presented under Selling, General and administrative expenses in the Statement of operations.